



**CITY OF EL PASO, TEXAS**

Schedule of Expenditures of Federal and State Awards

August 31, 2006

(With Independent Auditors' Reports Thereon)

# CITY OF EL PASO, TEXAS

## Table of Contents

	<b>Page</b>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the State of Texas <i>Uniform Grant Management Standards</i>	1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal and State Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and the State of Texas <i>Uniform Grant Management Standards</i> , and Report on the Schedule of Expenditures of Federal and State Awards	3
Schedule of Expenditures of Federal and State Awards	6
Notes to the Schedule of Expenditures of Federal and State Awards	22
Schedule of Findings and Questioned Costs	24



**KPMG LLP**  
Suite 700  
Two Park Square  
6565 Americas Parkway NE  
PO Box 3990  
Albuquerque, NM 87190

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards* and  
the State of Texas *Uniform Grant Management Standards***

The Honorable Mayor and Members of the City Council  
City of El Paso, Texas:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Paso, Texas (the City) as of and for the year ended August 31, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2007. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of Texas *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning. The financial statements of the City Employees' Pension Fund were not audited in accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*. Other auditors audited the financial statements of the Firemen and Policemen's Pension Fund and El Paso Water Utilities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Firemen and Policemen's Pension Fund were not audited in accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*. The financial statements of El Paso Water Utilities were not audited in accordance with the State of Texas *Uniform Grant Management Standards*.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or under the State of Texas *Uniform Grant Management Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 26, 2007.

This report is intended solely for the information and use of the Mayor, City Council members and management of the City, the federal and state cognizant agencies, other federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 26, 2007



**KPMG LLP**  
Suite 700  
Two Park Square  
6565 Americas Parkway NE  
PO Box 3990  
Albuquerque, NM 87190

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Federal and State Program, on Internal  
Control over Compliance in Accordance with OMB Circular A-133 and  
the State of Texas *Uniform Grant Management Standards*, and Report  
on the Schedule of Expenditures of Federal and State Awards**

The Honorable Mayor and Members of the City Council  
City of El Paso, Texas:

***Compliance***

We have audited the compliance of the City of El Paso, Texas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* that are applicable to each of its major federal and state programs for the year ended August 31, 2006. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's financial statements include operations of the Public Service Board – City of El Paso (El Paso Water Utilities), a discretely presented component unit of the City that received \$9,102,306 in federal awards in its fiscal year ended February 28, 2006, which are not included in the schedule of expenditures of federal and state awards for the year ended August 31, 2006. Our audit, described below, did not include the operations of the El Paso Water Utilities because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas *Uniform Grant Management Standards*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item 06-1 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding program income that are applicable to its Community Development Block Grant major federal program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2006. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 06-2.

### ***Internal Control over Compliance***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas *Uniform Grant Management Standards*.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal or state program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as item 06-1 and 06-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

### ***Schedule of Expenditures of Federal and State Awards***

We have audited the financial statements of the governmental activities, the business activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended August 31, 2006 and have issued our report thereon dated June 26, 2007, which included references to the reports of other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards for the year ended August 31, 2006 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas *Uniform Grant Management Standards*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses, and accordingly, express no opinion on them.

This report is intended solely for the information and use of the Mayor, City Council members and management of the City, the federal and state cognizant agencies, other federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

July 13, 2007, except for the paragraph  
on the Schedule of Expenditures of  
Federal and State Awards, which is as  
of June 26, 2007

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal or pass-through grant number</u>	<u>Total expenditures</u>
<b>FEDERAL AWARDS</b>			
<u>U.S. Department of Agriculture</u>			
Pass-through Texas Department of Health:			
W.I.C.	10.557	7460007499-03-12	\$ 1,136
W.I.C.	10.557	7460007499-05-11	7,647
W.I.C.	10.557	7460007499-04-12	983,212
W.I.C.	10.557	7460007499-06-13	5,232,994
<b>Total U.S. Department of Agriculture</b>			6,224,989
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant	14.218	B-01-MC-48-0015	275
Community Development Block Grant	14.218	B-02-MC-48-0015	647,116
Community Development Block Grant	14.218	B-03-MC-48-0015	377,009
Community Development Block Grant	14.218	B-04-MC-48-0015	9,501,749
Community Development Block Grant	14.218	B-05-MC-48-0016	7,628,678
CDBG Revolving Loan Fund	14.218	B-01-MC-48-0016	1,440,756
Total CFDA Number 14.218			19,595,583
Emergency Shelter Grant	14.231	S-04-MC-48-0005	3,016
Emergency Shelter Grant	14.231	S-05-MC-48-0005	372,841
Total CFDA Number 14.231			375,857
Supportive Housing Program	14.235	TX-01-B-90-2001	51,084
Total CFDA Number 14.235			51,084
Home Investment Partnership	14.239	M-01-MC-48-0214	4,660
Home Investment Partnership	14.239	M-02-MC-48-0214	878,139
Home Investment Partnership	14.239	M-03-MC-48-0213	1,045,153



**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<b>Grant title</b>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
Home Investment Partnership	14.239	M-04-MC-48-0213	\$ 246,039
Home Investment Partnership	14.239	M-05-MC-48-0213	(273,538)
Home Revolving Loan Fund	14.239	M-03-MC-48-0213	625,892
Total CFDA Number 14.239			2,526,345
Empowerment Zone 1st Neighborhoods Program	14.244		11,002
Empowerment Zone	14.244	EZ-99-TX-0013	5,178,023
Total CFDA Number 14.244			5,189,025
Lead Hazard Control	14.900	TXLH-B0237-03	52,652
Total CFDA Number 14.900			52,652
Plaza Theater – EDI Grant	14.246	B-04-SP-TX-0768	370,150
Total CFDA Number 14.246			370,150
<b>Total U.S. Department of Housing and Urban Development</b>			28,160,696
<u>U.S. Department of Justice</u>			
Pass-through Governor’s Office of Criminal Justice:			
Juvenile Justice Block Grant – SHOCAP	16.523	JB-05-J20-13359-07	21,258
Juvenile Justice Block Grant – SHOCAP	16.523	JB-05-J20-13359-08	1,972
Total CFDA Number 16.523			23,230
Victims of Crime Act	16.575	VA-04-V30-13590-06	10,716
Victims of Crime Act	16.575	VA-05-V30-13590-07	66,352
Victims of Crime Act	16.575	VA-06-V30-13590-08	13,353
Total CFDA Number 16.575			90,421

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<b>Grant title</b>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
Victims Assistance Grant	16.576	06-G01454	\$ 33,145
Total CFDA Number 16.576			33,145
Victims Assistance Discretionary Grant	16.582	04-G02082	(360)
Victims Assistance Discretionary Grant	16.582	06-G01918	69,340
Total CFDA Number 16.582			68,980
Violence Against Women Formula Grant	16.588	WF-04-V30-13413-07	(2,210)
Violence Against Women Formula Grant	16.588	WF-05-V30-13413-08	104,904
Total CFDA Number 16.588			102,694
Local Law Enforcement Block Grant	16.592	2003-LB-BX-2249	66,800
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0865	51,138
Total CFDA Number 16.592			117,938
Metropolitan Medical Response System	16.007	282-99-0022	(2,421)
Total CFDA Number 16.007			(2,421)
Bulletproof Vest Program	16.607		16,279
Total CFDA Number 16.607			16,279
C.O.P.S. Universal – Federal Crime Bill	16.710	95-CCWX-0207	429,045
C.O.P.S. Hiring Award	16.710	95-CCWX-0207	83,119
C.O.P.S. In Schools	16.710	2001-SHWX-0634	37,016
C.O.P.S. More – Civilian Award	16.710	95-CCWX-0207	(8,848)
C.O.P.S. More – Auto Ticket	16.710	1999-CLWX-0259	26,124
C.O.P.S. In Schools 2004	16.710	2002-CLWX-0009	192,985
Human Trafficking	16.710	2005-VTBX-0014	108,360

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<b>Grant title</b>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
C.O.P.S. In Schools – Code Blue 2004	16.710	2004-SHWX-0054	\$ 22,317
COPS Secure Our Schools FY06	16.710	2003-CKWX-0444	49,941
Total CFDA Number 16.710			940,059
<b>Total U.S. Department of Justice</b>			1,390,325
<u>U.S. Department of Labor</u>			
Youth Offenders Program	17.261	FY99	(1,890)
Total CFDA Number 17.261			(1,890)
<b>Total U.S. Department of Labor</b>			(1,890)
<u>U.S. Department of Transportation</u>			
Airport Improvement Grant	20.106	AIP3-48-0077-2002	3,377,619
Total CFDA Number 20.106			3,377,619
Pass-through State Department of Highways and Public Transportation:			
TIP Planning Funds	20.205		144,643
FHWA/TSDOT/MPO FY00	20.205		(729)
BIP Border Improvement Program FY02	20.205		279,715
BIP New Mexico	20.205		6,428
BIP Local Private	20.205		4,501
BIP Airport	20.205		7,722
BIP City	20.205		1,279
FHWA/TXDOT/MPO FY05	20.205		103,588
New Mexico Special Studies	20.205		28,928

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<b>Grant title</b>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
FHWA Border Wizard 05	20.205		\$ 4,961
FHWA/NMSH/MPO FY06	20.205		35,429
FHWA/TXDOT/MPO FY06	20.205		1,025,560
Total CFDA Number 20.205			1,642,025
Federal Transit Formula Grants	20.507	Various	17,700,173
Total CFDA Number 20.507			17,700,173
Pass-through State Department of Highways and Public Transportation:			
TXDOT Safe and Sober	20.600	585-XXF-6033	73,779
TXDOT Click It or Ticket	20.600	585-XXF-6117	3,967
TXDOT Safe Communities	20.600	585-XXF-6045	37,387
TXDOT Impaired Driving Step	20.600	585-XXF-6175	104,914
TXDOT PhotoGrammetry	20.600		39,180
TXDOT Comprehensive Step	20.600	586-XXF-6027	508,505
TXDOT Click It or Ticket	20.600	586-XXF-6152	39,581
TXDOT Safe Communities	20.600	586-XXF-6056	95,308
TXDOT Safe Communities FY07	20.600	587-XXF-6107	861
TXDOT Communities Step FY07	20.600	587-XXF-6048	4,466
TXDOT Impaired FY07	20.600	586-XXF-9199	1,732
Total CFDA Number 20.600			909,680
<b>Total U.S. Department of Transportation</b>			<b>23,629,497</b>

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal or pass-through grant number</u>	<u>Total expenditures</u>
<u>Environmental Protection Agency</u>			
Pass-through Texas Commission on Environmental Quality:			
TCEQ Air Pollution	66.001		\$ 185,874
TCEQ Air Pollution	66.001	A-006154-04-0	(33)
TCEQ Air Pollution	66.001	A-006154-05-0	22,623
TCEQ PM Sampling	66.001	585-5-55865	2,412
TCEQ Whole Air Pollution	66.001	585-5-55897	428,057
TCEQ Pass Through	66.001	585-4-55824	4,616
EPA Air Quality	66.001	585-5-55886	1,458
TCEQ Pass Through	66.001	582-6-72616	132,231
EPA Air Quality	66.001	582-6-74391	391,378
TCEQ Whole Air Pollution	66.001		(29)
TCEQ PM Sampling	66.001	582-5-55865	40,755
EPA Air Quality	66.001	582-5-55586	25,231
EPA Juarez Monitoring	66.001		78,311
USMBHA Media Education Grant	66.001		7,905
Total CFDA Number 66.001			1,320,789
Brownsfield Site Assessment	66.811	BP-9868-6001-0	858
Total CFDA Number 66.811			858
Pass-through Texas Department of Health:			
TDH Vector Initiative	66.708	746007499A-2005-03	7,482
TDH Vector Initiative	66.708	746007499A-2006-03	10,417
Total CFDA Number 66.708			17,899

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<u>Grant title</u>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
TDH Asbestos	66.801	746007499A-2005-08	\$ 34,215
TDH Asbestos	66.801	746007499C-2006-01	106,917
TDH Asbestos	66.801	746007499-2006-10	(661)
TDH Asbestos	66.801	746007499-2006-10	41,520
Total CFDA Number 66.801			181,991
<b>Total Environmental Protection Agency</b>			1,521,537
<u>Corporation for National and Community Service</u>			
Pass-through Texas Department of Aging:			
Foster Grandparent Program	94.011	01-SFW-TX004	68,835
Foster Grandparent Program	94.011	04-SFW-TX008	495,486
Total CFDA Number 94.011			564,321
Retired Seniors Volunteer Program	94.002	02-SRW-TX016	19
Retired Seniors Volunteer Program	94.002	04-SRW-TX016	77,442
Retired Seniors Volunteer Program	94.002	05-SRW-TX007	157,340
Total CFDA Number 94.002			234,801
<b>Total Corporation for National and Community Service</b>			799,122
<u>Department of Homeland Security</u>			
Pass-through Texas Department of Public Safety:			
Operations and Safety Program FY06	97.004	EMW-2005-FG-08972	1,120,000
Firefighter Grant Program	97.004	EMW-2004-FG-07278	974,801
Total CFDA Number 97.004			2,094,801

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<b>Grant title</b>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
FEMA – Hurricane Katrina	97.036	3216-EM-TX	\$ 2,647,817
Hurricane Rita Evacuee	97.036	3216-EM-TX	517,878
Total CFDA Number 97.036			3,165,695
Fire Special Operations – EPA	97.044		4,563
Operations and Safety Program FY06	97.044	EMW-2005-FG-08972	1,477,490
Total CFDA Number 97.044			1,482,053
MMRS Sustainment	97.071	EMW-2004-FP-02039	114,953
MMRS Capability Assessment	97.071		172,618
MMRS 03 Contract	97.071		24,168
Total CFDA Number 97.071			311,739
TEEK 2004 SHSP	97.074		308,141
TEEX LETPP	97.074	2004-GE-T4-0015	63,004
Total CFDA Number 97.074			371,145
Emergency Management FY2005	97.042	EMT-2005-GR-0106	21,379
Emergency Management FY2006	97.042	EMT-2006-GR-0107	249,346
MMRS – Medical Response System	97.042		150,875
Total CFDA Number 97.042			421,600
<b>Total Department of Homeland Security</b>			7,847,033

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<u>Grant title</u>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
<u>U.S. Department of Education</u>			
Pass-through Texas State Library:			
Library Services – TTPLS	84.034	470-02-005	\$ (377)
Library Services – TTPLS	84.034	476-01-005	(97)
Library Services – TTPLS	84.034	470-04-005	(414)
Library Services – TTPLS	84.034	470-06-005	363,681
Library Services – TTPLS	84.034	470-07-005	64
Total CFDA Number 84.034			362,857
<b>Total U.S. Department of Education</b>			362,857
<u>U.S. Office of Library Services</u>			
Technical Assistance Negotiated Grant	45.310	476-01-015	(100)
Technical Assistance Negotiated Grant	45.310	476-04-015	(128)
Technical Assistance Negotiated Grant	45.310	476-05-015	70,461
Total CFDA Number 45.310			70,233
<b>Total U.S. Office of Library Sciences</b>			70,233
<u>U.S. Department of Health and Human Services</u>			
HHSC – Substance Abuse Grant	93.243	1H79-SM-54759-01	78,039
Total CFDA Number 93.243			78,039
<u>Center for Disease Control</u>			
CDC TB Outreach	93.116	7460007499-02-04	(75)
CDC TB Outreach	93.116	7460007499-02-05	86,752
CDC TB Outreach	93.116	7460007499-2007-01	155,851
Total CFDA Number 93.116			242,528



**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal or pass-through grant number</u>	<u>Total expenditures</u>
HIV Surveillance	93.944	7460007499-2005-01	\$ 3,697
HIV Surveillance	93.944		12,365
HIV Surveillance	93.944	7460007499-2006-04	21,369
HIV Surveillance	93.944	7460007499-2007-03	9,656
Total CFDA Number 93.944			47,087
Title V Fees – FY05	93.994	746007499A-2005-02	1,195
Title V Fees – FY05	93.994	746007499A-2006-01	168,681
Total CFDA Number 93.994			169,876
Public Health Preparedness	93.283	7460007499-2005-13	25,982
Lab Bio Terrorism Preparedness	93.283	7460007499-2005-13A	6,911
Lab Bio Terrorism Preparedness	93.283	7460007499-2006-08	257,698
Lab Bio Terrorism Preparedness	93.283	7460007499-2006-07	897,729
Total CFDA Number 93.283			1,188,320
Childhood Lead Poisoning Prevention Program	93.197	7460007499-2005-05	(5,543)
Childhood Lead Poisoning Prevention Program	93.197	7460007499-2006-02	35,000
Total CFDA Number 93.197			29,457
<u>Health Care and Other Facilities</u>			
Medical Examiner Facility Renovation	93.887		225,287
211 Area Information Center 06	93.887	HHSC 529-06-004-00018B	47,462
Food Safety Education Grant – HHS	93.887		6,000
Border Health – Dental	93.887		7,184
Total CFDA Number 93.887			285,933

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<u>Grant title</u>	<u>CFDA number</u>	<u>Federal or pass-through grant number</u>	<u>Total expenditures</u>
Sexually Transmitted Diseases	93.940	7460007499-2007-02	\$ 94,561
HRSA Health Facilities	93.940		1,049,125
Total CFDA Number 93.940			1,143,686
Pass-through Texas Department of Health:			
CDC Nonmonetary Assistance – Immunizations	93.268		2,132,736
Total CFDA Number 93.268			2,132,736
<b>Total U.S. Department of Health and Human Services</b>			5,317,662
<u>Executive Office of the President</u>			
HIDTA – Airport Task Force	7.000	I4-PSWP-574	8,545
HIDTA – STING	7.000	I5-PSWP-574	767,996
HIDTA – STING – DHI	7.000	I5-PSWP-574	39,690
HIDTA – STING – RDI	7.000	I5-PSWP-574	1,327
HIDTA – STING	7.000	I6-PSWP-574	380,374
HIDTA – ENTERPRISE	7.000	I4-PSWP-574	670
HIDTA – ENTERPRISE 2005	7.000	I5-PSWP-574	9,783
HIDTA – ENTERPRISE 2006	7.000	I6-PSWP-574	7,113
HIDTA – GRAB	7.000	I1-PSWP-574	61
HIDTA – GRAB	7.000	I4-PSWP-574	47,909
HIDTA – GRAB-CPOTS	7.000	I4-PSWP-999	10,685
HIDTA – Hijack FY2002	7.000	I2-PSWP-552	42
HIDTA – Intelligence Initiative FY2004	7.000	I4-PSWP-574	2,557
HIDTA – Intelligence Initiative FY2005	7.000	I5-PSWP-574	107,203
HIDTA – Intelligence Initiative FY2006	7.000	I6-PSWP-574	17,921

**CITY OF EL PASO, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
Year ended August 31, 2006

<b>Grant title</b>	<b>CFDA number</b>	<b>Federal or pass-through grant number</b>	<b>Total expenditures</b>
HIDTA – Source City Narcotics	7.000	I4-PSWP-574	\$ 10,753
HIDTA – Multiagency FY2004	7.000	I4-PSWP-574	14,081
HIDTA – Multiagency FY2005	7.000	I5-PSWP-574	163,574
HIDTA – Multiagency FY2006	7.000	I6-PSWP-574	9,205
HIDTA – Stash House Initiative FY2004	7.000	I4-PSWP-574	6,276
HIDTA – Stash House Initiative FY2005	7.000	I5-PSWP-574	234,913
HIDTA – Stash House Initiative FY2005 – DHI	7.000	I5-PSWP-574	22,532
HIDTA – Stash House Initiative FY2006	7.000	I6-PSWP-574	164,617
HIDTA – Transportation 2004	7.000	I4-PSWP-574	(27)
HIDTA – Transportation 2005	7.000	I5-PSWP-574	14,250
HIDTA – Transportation 2006	7.000	I6-PSWP-574	3,208
HIDTA – OCDETF FY07	7.000	SWTX W0377H M7-06-0016	5,686
HIDTA – Fugitive FY06	7.000	I6-PSWP-574	732
<b>Total Executive Office of the President</b>			<u>2,051,676</u>
<b>Total Federal Awards</b>			<u>\$ 77,373,737</u>

**CITY OF EL PASO, TEXAS**

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2006

<u>Grant title</u>	<u>State grant number</u>	<u>Total expenditures</u>
<b>STATE AWARDS</b>		
<u>Texas State Library and Archive Commission</u>		
E-Rate Library Funds		\$ 31,651
Loan Star Libraries Grant	442-07153	48,583
<b>Total Texas State Library and Archive Commission</b>		<b>80,234</b>
<u>Texas Arts Council</u>		
TCA Subgranting and Admin FY2006		11,850
TCA Subgranting and Admin FY2006		27,357
<b>Total Texas Arts Council</b>		<b>39,207</b>
<u>Texas Department of Aging</u>		
Foster Grandparent Program	05-SFWTX-008	3,211
Retired Seniors Volunteer Program	05-SRWTX-024	27,972
<b>Total Texas Department of Aging</b>		<b>31,183</b>
<u>Texas Health and Human Services Commission</u>		
TDH – Tuberculosis	7460007499-20056-07A	20,369
TDH – Tuberculosis	7460007499-2006-06	499,178
Total Tuberculosis		519,547
211 Area Information Center		63,798
Total Office of Border Health		63,798

**CITY OF EL PASO, TEXAS**

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2006

<b>Grant title</b>	<b>State grant number</b>	<b>Total expenditures</b>
HIV Surveillance	7460007499-2004-06	\$ 586
HIV Surveillance		(237)
Total HIV Surveillance		<u>349</u>
STD – Admin		(9)
Total STD – Admin		<u>(9)</u>
TDH Office Regional Planning	7460007499-2004-13A	160,641
TDH Office Regional Planning	7460007499-2005-10A	2,464
Total Office Regional Planning		<u>163,105</u>
TDH – Immunization	7460007499-2005-03C	56,119
TDH – Immunization		(3,092)
TDH – Immunization	7460007499-2006-05	1,171,038
Immunizations FY07 DSH		58
Total TDH – Immunization		<u>1,224,123</u>
Carryover Title V – FY04		6,055
Title V Fees – Carryover		204,227
Total Bureau of Clinical and Nutritional Services		<u>210,282</u>
TDH Asbestos	7460007499-2005-12C	6,207
Total TDH Asbestos		<u>6,207</u>
Public Health Preparedness	7460007499-2004-10	(123)
Total Public Health Preparedness		<u>(123)</u>

**CITY OF EL PASO, TEXAS**

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2006

<b>Grant title</b>	<b>State grant number</b>	<b>Total expenditures</b>
Sexually Transmitted Diseases	7460007499-2005-02	\$ 62,979
Sexually Transmitted Diseases	7460007499-2005-02B	685
Total Sexually Transmitted Diseases		<u>63,664</u>
<b>Total Texas Health and Human Services Commission</b>		<u>2,250,952</u>
<u>Texas Commission on Environmental Quality</u>		
Air Quality	582-4-64435	(324)
Air Quality Compliance	582-4-64435	12,029
Emissions Reduction Incentive		1,475,000
Total Air Quality		<u>1,486,705</u>
<u>Pass-through Rio Grande Council of Governments</u>		
Litter and Illegal Clean-up and Community Collection Events		9,048
Total Pass-through Rio Grande Council of Governments		<u>9,048</u>
<b>Total Texas Commission on Environmental Quality</b>		<u>1,495,753</u>
<u>Governor's Office of Criminal Justice</u>		
ATPA Border Partners	SA-T01-10050-06	895,185
Total ATPA Border Partners		<u>895,185</u>
<b>Total Governor's Office of Criminal Justice</b>		<u>895,185</u>

**CITY OF EL PASO, TEXAS**

Schedule of Expenditures of Federal and State Awards

Year ended August 31, 2006

<u>Grant title</u>	<u>State grant number</u>	<u>Total expenditures</u>
<u>Pass-through City of Dallas</u>		
Internet Crimes Against Children		\$ 14,530
Total Pass-through Crimes Against Children		<u>14,530</u>
<u>Pass-through Texas Forest Service</u>		
Texas Forest Service Tree Inventory		267
Texas Forest Service Arborist	02-11-07	<u>50,493</u>
<b>Total Pass-through Texas Forest Service</b>		<u>50,760</u>
<b>Total State Awards</b>		\$ <u><u>4,857,804</u></u>
<b>Total Federal and State Funded Awards</b>		\$ <u><u>82,231,541</u></u>

See accompanying notes to the schedule of expenditures of federal and state awards.

**CITY OF EL PASO, TEXAS**

Notes to the Schedule of Expenditures of Federal and State Awards

August 31, 2006

**(1) General**

*Overview of the City of El Paso, Texas' Fiscal 2006 Annual Audit*

The City of El Paso, Texas (the City) is the recipient of various federal and state awards. The grant programs are administered by various departments within the City. The activities of these organizations are monitored by City staff to ensure compliance with the requirements of the underlying grants.

The accompanying schedule of expenditures of federal and state awards presents activity of all federal and state financial assistance programs of the City for the year ended August 31, 2006, except for the financial assistance received by the Public Service Utilities Board – City of El Paso. The accompanying schedule of federal and state awards does not include expenditures of the Public Service Board – City of El Paso. The City's reporting entity is defined in note 1(A) to the City's basic financial statements. Federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other entities, are included on the schedule of expenditures of federal and state awards.

**(2) Basis of Accounting**

The accompanying schedule of expenditures of federal and state awards is presented using the cash basis of accounting except for the FAA Airport Improvement grant and the FTA Capital and Planning grants, which use the full accrual basis of accounting.

**(3) Revolving Loan Programs**

The City administers federal loan programs. These programs are initiated with a grant of federal funds and are sustained after the original money is disbursed in loans by using principal payments for subsequent loans to qualified borrowers. The interest received is considered to be program income and is used to pay administrative costs associated with the programs as well as for subsequent loans. As of August 31, 2006, outstanding principal balances of these loans were as follows:

<u>Federal grantor/program title</u>	<u>Federal CFDA No.</u>	<u>Loans receivable principal</u>
Department of Housing and Urban Development:		
Community Development Block Grant	14.218	\$ 13,027,658
Lomalinda	14.218	21,972
Home Investment Partnerships	14.239	24,057,770
Total revolving loans		<u>\$ 37,107,400</u>

**(4) Commodities**

The Texas Department of Health provided vaccines to the El Paso City – County Health Department. All vaccines are funded by the Center for Disease Control in the amount of \$2,132,736 as shown in the schedule of expenditures of federal and state awards.



## CITY OF EL PASO, TEXAS

### Notes to the Schedule of Expenditures of Federal and State Awards

August 31, 2006

**(5) Federal Loan**

During fiscal year ended August 31, 1992, the City received a \$3,000,000 federal loan for construction work on the International Zaragosa Bridge. The balance of the loan at August 31, 2006 is \$1,550,000.

There are no significant continuing compliance requirements.

**(6) Adjustments to Revenue and Expenditures**

The accompanying schedule reflects certain adjustments resulting from final adjustments to closed grants and transfers between grants. As a result, certain grants show negative expenditures.

**(7) Relationship to Financial Statements**

Federal and state financial assistance programs are reported in the City's financial statements primarily in the Community Development Block Grants and Other Governmental Funds. Certain programs are included in the enterprise funds, of which certain grants are reported as capital contributions in the Income (Loss) Before Capital Contributions and Transfers section of the Statement of Revenue, Expenses, and Changes in Fund Net Assets (Deficit) Proprietary Funds.

**(8) Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedule of expenditures of federal and state awards may not agree with the amounts reported in the related federal and state financial reports filed with grantor agencies because of accruals that would be included in the subsequent reports filed with the agencies.

**(9) Funds Passed Through to Subrecipients**

**(a) Federal Funds**

During the fiscal year ended August 31, 2006, the City passed through \$1,440,756 of Community Development Block Grant funds (CFDA No. 14.218), \$5,178,023 of Empowerment Zone funds (CFDA No. 14.244), and \$375,857 of Emergency Shelter grant funds (CFDA No. 14.231) for subrecipient expenditures.

**(b) State of Texas Funds**

No State of Texas funds were passed through to subrecipients in 2006.

**CITY OF EL PASO, TEXAS**  
 Schedule of Findings and Questioned Costs  
 August 31, 2006

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued:	Unqualified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	<u>X</u> no
• Reportable condition(s) identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted	___ yes	<u>X</u> no

**Federal Awards**

Internal control over major programs:		
• Material weakness(es) identified?	___ yes	<u>X</u> no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	<u>X</u> yes	___ none reported
Type of auditors’ report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133:	<u>X</u> yes	___ no

**State Awards**

Internal control over major programs:		
• Material weakness(es) identified?	___ yes	<u>X</u> no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	<u>X</u> yes	___ none reported
Type of auditors’ report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with State of Texas UGM Standards:	<u>X</u> yes	___ no

**CITY OF EL PASO, TEXAS**

Schedule of Findings and Questioned Costs

August 31, 2006

Identification of major programs:

<b><u>CFDA</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<b><u>Number(s)</u></b>	
10.557	WIC Program
14.218	Community Development Block Grants
16.710	COPS Grants
20.507	Federal Transit Formula Grants
93.268	Immunization Grants
97.036	Disaster Grants

<b><u>Name of State Program or Cluster</u></b>
TDH Tuberculosis
TDH Immunization
ATPA Border Partners
TCEQ Emissions Reduction Incentive

Dollar threshold used to distinguish  
between type A and type B programs:

Federal	\$ 2,321,000
State	\$ 300,000

Auditee qualified as low-risk auditee for federal programs?

\_\_\_ yes    X no

Auditee qualified as low-risk auditee for state programs?

X yes    \_\_\_ no

**CITY OF EL PASO, TEXAS**

Schedule of Findings and Questioned Costs

August 31, 2006

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None.

**CITY OF EL PASO, TEXAS**

Schedule of Findings and Questioned Costs

August 31, 2006

**SECTION III – FINDINGS AND QUESTIONED COSTS**

***FEDERAL AWARDS***

**Finding 06-1: Program Income**

<b>Program/Grant:</b>	Community Development Block Grant (CDBG)
<b>CFDA No.:</b>	14.218
<b>Federal Agency:</b>	Housing and Urban Development
<b>Grant Number and Grant Year:</b>	Not applicable. Finding involves revolving loan fund whereby loan payments from prior loans are recycled to fund new loans.
<b>Pass-through Entity:</b>	None
<b>Type of Finding:</b>	Reportable Condition and Material Noncompliance
<b>Criteria:</b>	Per 24 CFR Section 570, the City is allowed to utilize CDBG funds for the purpose of making loans. Principal and interest payments collected by the City on these loans are considered to be program income and must be treated as additional CDBG funds, which are subject to all program rules. In accepting this money, the City agrees to have a loan origination and servicing system in place, which assures that loans are properly authorized, receivables are properly established, and write-offs are properly authorized.
<b>Condition:</b>	Based on a sample of 30 loans made with CDBG funds, we noted the following: <ul style="list-style-type: none"><li>• The City was unable to locate two loan files. Consequently, we were unable to review the loan application and signed loan document and were unable to verify the propriety of loan payments received from these two borrowers.</li><li>• The City was unable to locate a signed loan document for one file.</li></ul>
<b>Questioned Cost:</b>	Monthly payments for the three notes in question total \$536, which equals annual debt service (and program income) of \$6,434. The City has approximately 2,300 loans outstanding as of August 31, 2006.
<b>Cause and Effect:</b>	The City did not adequately maintain its loan files and, as a result, the City could potentially be making loans to ineligible individuals.

**CITY OF EL PASO, TEXAS**

Schedule of Findings and Questioned Costs

August 31, 2006

**Recommendation:** We recommend that the City review its file maintenance process to ensure that files are properly safeguarded.

**Management's Response and Corrective Action Plan**

It is the policy of the City to maintain the necessary original documents in file.

The City has in excess of 2,300 HUD loans and, during fiscal year 2003, the City of El Paso transferred all HUD loans to a third-party administrator, Amerinational. During this transition, loan files were pulled, copied, and forwarded to the third party and re-filed – apparently not perfectly. The City of El Paso feels that all loan files are complete and in proper order, but are temporarily misplaced. The City of El Paso staff contacted the third-party administrator and received copies of all documents requested by audit staff, but they were not original documents. The City of El Paso will continue to maintain and monitor all future loan files and make sure that all documents are properly signed and filed.

**CITY OF EL PASO, TEXAS**

Schedule of Findings and Questioned Costs

August 31, 2006

**STATE OF TEXAS AWARDS**

**Finding 06-2: Reporting**

**Program/Grant:** ATPA Border Partners

**State Agency:** Auto Theft Protection Authority (ATPA)

**Grant Number and Grant Year :** SA-T01-10050-06, 2005 grant year

**Pass-through Entity:** None

**Type of Finding:** Reportable Condition and Noncompliance

**Criteria:** Per the ATPA Administrative Guide, Program Reporting Guidelines, a fiscal year projected long-term crime prevention activity report is due to ATPA by November 1 of each year.

**Condition:** During our testwork we noted that the report due November 1, 2005 had not been filed by the City. City personnel prepared and filed this report on October 31, 2006 after it was brought to their attention during the audit.

**Questioned Cost:** None

**Cause and Effect:** City personnel responsible for this program were not aware of this reporting requirement.

**Recommendation:** We recommend that the City review the grant document and create a comprehensive listing of reporting requirements and related due dates to ensure that all required reports are prepared on a timely basis.

**Management's Response and Corrective Action Plan**

Grant program reporting requirements will be thoroughly reviewed in the future and all future reports will be provided no later than seven calendar days prior to the report due date.

The Department's Auto Theft Task Force Lieutenant is the assigned Project Manager (PM) for this grant. It is the PM's responsibility to be thoroughly familiar with programmatic reporting requirements and insure all required reports are submitted in a timely fashion.

In order to prevent such an administrative oversight by assigned Department PMs in the future for this and all other grant programs, the El Paso Police Department's Grants Division is implementing an additional level of quality control/quality assistance by providing Command Staff a monthly report outlining grant program/project reporting requirements over the next 45 days. This will insure grant reporting requirements are proactively addressed in a timely fashion by PMs in the future and reports are submitted no later than seven calendar days prior to each grant report's due date.