

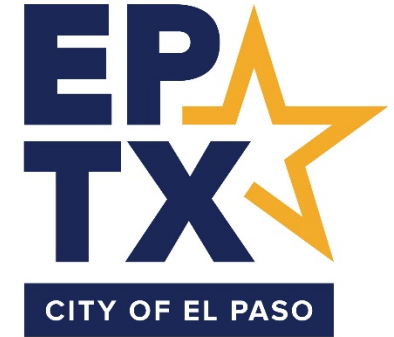


## 2021 Audit Results

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# Agenda

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- Reports Issued
- Areas of Audit Emphasis
- Required Communications
- Upcoming Accounting Pronouncement



# Reports Issued

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**We issued the following reports for the year ended August 31, 2021**

- **Annual Comprehensive Financial Report (ACFR)**
  - Financial statements are presented fairly in accordance with accounting principles generally accepted in the United States of America (Unmodified opinion)
  - Report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
- **Single Audit Report**
  - Report on compliance related to major federal and state award programs
  - 6 federal programs and 2 state programs tested
  - No findings of noncompliance noted





# Other Reports Issued

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**We issued the following agreed-upon procedure and compliance reports for the year ended August 31, 2021**

- Passenger Facility Charge Program (El Paso International Airport)
- Chapter 59 Asset Forfeiture Report (El Paso Police Department)
- TCEQ Local Government Financial Test
- National Transit Database Federal Fund Allocation Data (Sun Metro)

**No findings of noncompliance or internal control matters noted**



# Areas of Audit Emphasis

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- **Internal control environment**
  - Capital assets/project management, cash receipts/receivables, cash disbursements/payables, payroll, bond and investment transactions, pensions, and administration of federal awards
- **Management estimates**
  - Environmental remediation liability, legal contingencies/ recoveries, depreciation, allowance for doubtful accounts, grant receivables, actuarial valuations for pensions and health plans
- **Enterprise funds**
  - Airport, transit, international bridges, tax office and environmental quality
- **Fiduciary funds and activities**
  - Pensions, other post employment benefits (OPEB) and custodial funds
- **Capital assets**
  - Consideration of capitalization policies and potential impairment, as well as testing of additions, retirements, depreciation



# Areas of Audit Emphasis (continued)

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- **Bond activity**
  - New issuances, debt repayments, discounts and premiums, compliance with covenants, and procedures over information presented in the net revenues schedule
- **Information systems**
  - General computer internal controls
- **6 major federal programs identified and tested this year**
  - Federal Transit Cluster Grants - \$40.0M
  - COVID-19 Coronavirus Relief Fund - \$100.7M
  - COVID-19 Coronavirus State & Local Fiscal Recovery Fund - \$14.8M
  - Airport Improvement Program - \$9.1M
  - COVID-19 Emergency Rental Assistance - \$12.3M
  - WIC Special Supplemental Nutrition Program for Women, Infants, and Children - \$5.2M
- **2 major state programs identified and tested this year**
  - Immunization Branch Locals Program - \$422K
  - Texas Anti-Gang Program - \$1.1M



# Required Communications

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- **Auditor and Management responsibilities for financial statements under Generally Accepted Auditing Standards**
  - Auditor forms and expresses an opinion about whether the financial statements are fairly presented and plans and performs the audits in accordance with generally accepted auditing standards and *Government Auditing Standards*
  - Our audits do not relieve City management of its responsibilities
- **Audits were performed according to the planned scope**
- **Significant accounting policies are summarized in Note 1 to the financial statements**
- **Financial statement disclosures were consistent, clear and understandable**
- **Representations were requested and received from management**
- **No disagreements with management or difficulties encountered**



# Required Communications (continued)

- **No consultation with other independent auditors of which we are aware**
- **No material weaknesses noted**
- **No illegal acts noted**
- **Ability to continue as a going concern (no disclosure necessary)**
- **Significant new accounting standards**
  - No significant new standards implemented in fiscal 2021
  - GASB No. 98 changed reference of financial reporting from *Comprehensive Annual Financial Report* to *Annual Comprehensive Financial Report*
- **Consideration of fraud in a financial statement audit**
  - Procedures performed included journal entry testing, vendor analysis, and interviews of City Council members, management, and personnel
- **Moss Adams is independent with respect to the City of El Paso**





# Upcoming Accounting Pronouncement

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**GASB No. 87 *Leases* (effective in 2022):** Addresses recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

- Under the standard, leases will be capitalized as “right to use” assets with related liabilities and deferred inflows/outflows of resources over the term of each lease.
- We are working with management for the implementation of this standard, which requires careful consideration of current leases and lease-like arrangements across all departments for applicability and measurement.





# THANK YOU

- Weekly status meetings were held between Moss Adams and City management throughout the audit process
- All City personnel across all departments were courteous, responsive and fulfilled our requests in a timely manner
- ‘Tone at the Top’ and attitude from management was one of helpfulness, and openness in response to audit requests and discussion points

