

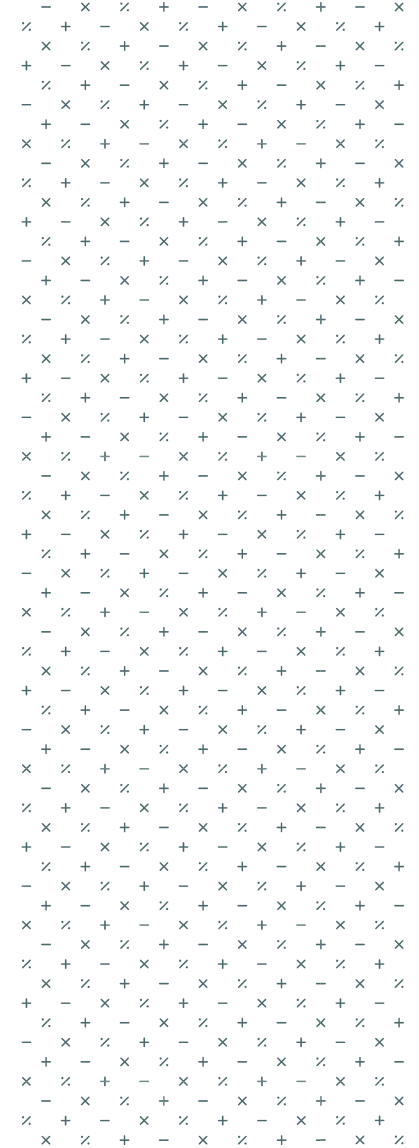


City of El Paso, Texas

Report to City Council

2022 Audit Results

April 11, 2023





Agenda

- Reports Issued
- Areas of Audit Emphasis
- Major Federal and State Programs
- Required Communications



Reports Issued

We issued the following reports for the year ended August 31, 2022

- **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**
 - Audit and report on compliance related to major federal and state award programs
 - 7 federal programs and 3 state programs tested
 - No findings of noncompliance noted





Other Reports Issued

We issued the following agreed-upon procedure and compliance reports for the year ended August 31, 2022

- 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 (NTD) Allocation Data (Sun Metro)

Findings of noncompliance or internal control matters

- NTD Allocation Data AUP: Unable to perform procedures related to FFA-10 form as the form was unavailable at time of procedures
- No other findings of noncompliance or internal control matters noted



Areas of Audit Emphasis

- **Internal control environment**
 - Capital assets, cash receipts/receivables, cash disbursements/payables, leases, payroll, long-term debt (including lease obligations), investments, pensions/OPEB, and administration of federal awards
- **Management estimates**
 - Environmental remediation liability, legal contingencies/recoveries, leases, depreciation and amortization, allowance for doubtful accounts, grant receivables, actuarial valuations for pensions and health plans
- **Enterprise funds**
 - Airport, transit, international bridges, tax office, and environmental quality
- **GASB No. 87 implementation**
 - Significant new accounting standard with new accounting and reporting requirements related to leases (both as lessor and lessee)



Areas of Audit Emphasis (continued)

- **Fiduciary activities and component units**
 - Pensions, other post employment benefits (OPEB) and custodial funds
- **Capital assets and right-to-use assets**
 - Consideration of capitalization policies and potential impairment, as well as testing of additions, retirements, depreciation and amortization
- **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



Major Federal and State Programs

- **Seven major federal programs identified and tested this year**
 - Federal Transit Cluster - \$50.3M
 - COVID-19 Coronavirus State and Local Fiscal Recovery Fund - \$23.0M
 - Emergency Rental Assistance - \$21.0M
 - CDBG Entitlement Grants Cluster - \$8.2M
 - Airport Improvement Program - \$13.2M
 - Highway Planning and Construction - \$9.4M
 - COVID-19 Emergency Solutions Grant Program - \$3.7M
- **Three major state programs identified and tested this year**
 - El Paso Northeast Regional Park - \$861K
 - Motor Vehicle Crime Prevention Authority - \$975K
 - Defense Economic Adjustment Assistance - \$2.5M



Required Communications

- **Required audit communications with FOAC on March 6, 2023**
- **Audits were performed according to the planned scope**
 - Audit work performed onsite and remotely
- **Financial statement disclosures were consistent, clear and understandable**
- **No material weaknesses or significant deficiencies reported**
- **Moss Adams is independent with respect to City of El Paso**
- **Significant new accounting standard: GASB No. 87 *Leases***
- **Upcoming significant accounting standard: GASB No. 96 *Subscription-Based Information Technology Arrangements (SBITA)***
 - Effective during the upcoming year (fiscal year ending August 31, 2023)
 - Similar recognition of right-to-use asset and related obligations for SBITAs (contracts for use of software/applications)





THANK YOU

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

