

City of El Paso, Texas

Single Audit Reports

Year Ended August 31, 2010



City of El Paso, Texas
Year Ended August 31, 2010

Contents

Schedule of Expenditures of Federal and State Awards	1
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the State of Texas <i>Uniform Grant Management Standards</i>	14
Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal and State Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal and State Awards in Accordance with OMB Circular A-133 and the State of Texas <i>Uniform Grant Management Standards</i>	16
Schedule of Findings and Questioned Costs	19
Summary Schedule of Prior Audit Findings	29

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
Special Supplemental Nutrition Program for Women, Infants, and Children	U.S. Department of Agriculture/ Texas Department of State Health Services	10.557	2008-024651-001 2009-030103-001 2010-033688-001	\$ 226 1,142,036 6,218,756 <u>7,361,018</u>
	Total U.S. Department of Agriculture			<u>7,361,018</u>
Public Safety Interoperable Communications Grant Program	Department of Commerce National Telecommunications and Information Administration	11.555	2007-GS-H7-0044 2008-GE-T8-0034	766 1,782 <u>2,548</u>
	Total Department of Commerce			<u>2,548</u>
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	U.S. Department of Defense	12.607	RA0619-07-01-03-03	691,935 <u>691,935</u>
	Total U.S. Department of Defense			<u>691,935</u>
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	B-06-MC-48-0015 B-07-MC-48-0015 B-08-MC-48-0015 B-09-MC-48-0015 B-08-MN-48-0003 Revolving Loan Fund	149,608 221,557 3,705,324 4,030,812 700,599 466,423 <u>9,274,323</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants	U.S. Department of Housing and Urban Development	14.253	B-09-MY-48-0015	1,411,241 <u>10,685,564</u>
	<i>Total CDBG - Entitlement Grants Cluster</i>			
<i>CDBG - State-Administered Small Cities Program Cluster</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	U.S. Department of Housing and Urban Development	14.228	77090000112	29,615
Emergency Shelter Grants Program	U.S. Department of Housing and Urban Development	14.231	S-09-MC-48-0005	330,859
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	HOME PI M-05-MC-48-0213 M-06-MC-48-0213 M-07-MC-48-0213 M-08-MC-48-0213 M-09-MC-48-0213	1,282,713 985,110 572,289 1,501,704 885,060 401,173 <u>5,628,049</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
ARRA - Housing Opportunities for Persons with AIDs	U.S. Department of Housing and Urban Development	14.241	TXH09F006	\$ 300,121
Empowerment Zones Program	U.S. Department of Housing and Urban Development	14.244	EZ99TX0013 Revolving Loan Fund	3,314,189 <u>36,833</u> 3,351,022
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	U.S. Department of Housing and Urban Development	14.257	S-09-MY-48-0005	<u>1,033,760</u>
	Total U.S. Department of Housing and Urban Development			<u>21,358,990</u>
Juvenile Accountability Block Grants	U.S. Department of Justice/ Texas Office of the Governor - Criminal Justice	16.523	JB-07-XXX-13359-10	(2,125)
Juvenile Justice and Delinquency Prevention_Allocation to States	U.S. Department of Justice/ Texas Office of the Attorney General	16.540	0913392	6,643
Part E - Developing, Testing, and Demonstrating Promising New Programs	U.S. Department of Justice	16.541	2006-DD-BX-0550	58,695
Crime Victim Assistance/ Discretionary Grants	U.S. Department of Justice/ Texas Office of the Attorney General	16.582	08-02413	981
Violence Against Women Formula Grants	U.S. Department of Justice/ Texas Office of the Governor - Criminal Justice Division	16.588	WF-08-V30-13413-11 WF-09-V30-20949-01 WF-09-V30-20951-01	(259) 32,090 <u>97,082</u> 128,913
Community Capacity Development Office	U.S. Department of Justice	16.595	2008-WS-QX-0239 2009-WS-QX-0030	128,616 <u>68,911</u> 197,527
Public Safety Partnership and Community Policing Grants	U.S. Department of Justice	16.710	2005CKWX0432 2006CKWX0665 2007CKWX0186 2008CKWX0362 2009CKWX0615	59,226 110 (365) 101,031 <u>755,940</u> 915,942

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice/ County of El Paso & Texas Office of the Governor - Criminal Justice Division	16.738	2006-DJ-BX-0121 (County) 2007-DJ-BX-1207 (County) DJ-07-A10-20904-01 (State)	\$ 84,339 183,037 <u>34,200</u> 301,576
Congressionally Recommended Awards	U.S. Department of Justice	16.753	2007DDBX0590	121,862
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Local Government	U.S. Department of Justice/ Texas Office of the Governor - Criminal Justice Division	16.803	2329301	303,800
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Governments	U.S. Department of Justice	16.804	2009-SB-B9-3086	<u>1,116,974</u>
	Total U.S. Department of Justice			<u>3,150,788</u>
Airport Improvement Program	U.S. Department of Transportation	20.106	AIP3-48-0077-026-2009 AIP3-48-0077-027-2009	924,116 <u>935,519</u> 1,859,635
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	U.S. Department of Transportation	20.205	TX-70-X003-00 TX-90-X454-01 TX-90-X650-02	113,070 39,524 2,396,351
	U.S. Department of Transportation/ Texas Department of Transportation U.S. Department of Transportation/ New Mexico Department of Transportation		50-10XF0004	1,020,313
			PL-92A-5(74)	<u>41,406</u>
	<i>Total Highway Planning and Construction Cluster</i>			<u>3,610,664</u>
Metropolitan Transportation Planning	U.S. Department of Transportation/ Texas Department of Transportation	20.505	50-10XF0004 CSJ:0924-06-212	300,659 34,367
	U.S. Department of Transportation/ New Mexico Department of Transportation		M00527	<u>23,101</u> 358,127
<i>Federal Transit Cluster</i>				
Federal Transit-Formula Grants	U.S. Department of Transportation	20.507	Various	16,034,239
		20.TX-03-0175-01	Lower Valley Transit	1,219,701
		20.TX-90-X280-03	CMAQ - Union Plaza Transit Terminal	159,942
		20.TX-90-X344-01	Maintenance Facility Upgrade	272,569
		20.TX-90-X390-01	STP Funding for Terminal	<u>18,782</u>
				17,705,233
ARRA - Federal Transit-Formula Grants	U.S. Department of Transportation	20.507	TX-96-X035-00	<u>7,831,442</u>
	<i>Total Federal Transit Cluster</i>			<u>25,536,675</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
<i>Transit Services Programs Cluster</i>				
Job Access - Reverse Commute	U.S. Department of Transportation	20.516	Various	\$ 1,027,075
New Freedom Program	U.S. Department of Transportation	20.521	Various	<u>140,605</u>
	<i>Total Transit Services Program Cluster</i>			1,167,680
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	U.S. Department of Transportation/ Texas Department of Transportation	20.600	2009-EIPasoSC-G-SYG- 0033	10,600
			2009-EIPasoPD-S-SYG-0122	43,468
			2010-EIPasoPD-S-SYG-0103	541,099
			2010-EIPasoSC-G-SYG-0017	<u>139,480</u>
				734,647
Occupant Protection Incentive Grants	U.S. Department of Transportation/ Texas Department of Transportation	20.602	2010-EIPasoPD-CIOT-00062	<u>13,623</u>
	<i>Total Highway Safety Cluster</i>			<u>748,270</u>
Total U.S. Department of Transportation				<u>33,281,051</u>
ARRA - Promotion of the Arts- Grants to Organizations and Individuals	National Endowment for the Arts	45.024	09-4488-7169 09-6288-7060	25,000 <u>100,000</u> 125,000
Promotion of the Arts- Partnership Agreements	National Endowment for the Arts	45.025	08-4400-7083 52256	9,139 <u>18,664</u> <u>27,803</u>
Total National Endowment for the Arts				<u>152,803</u>
Promotion of the Humanities- Federal/State Partnership	National Endowment for the Humanities/ Humanities Texas	45.129	HTX# 2008-3538 HTX# 2010-3958	1,012 <u>1,079</u> <u>2,091</u>
Total National Endowment for the Humanities				<u>2,091</u>
Museums for America	Institute of Museum and Library Services	45.301	MA-04-08-0305-08	70,814
Grants to States	Institute of Museum and Library Services/ Texas State Library and Archives Commission	45.310	470-10016 470-11026 476-10018	299,155 44 <u>76,634</u> <u>375,833</u>
Total Institute of Museum and Library Services				<u>446,647</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
Air Pollution Control Program Support	Environmental Protection Agency	66.001	A-00615409-1 A-00615410-1	\$ 579 <u>165,679</u> 166,258
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Protection Agency/Texas Commission on Environmental Quality	66.034	582-10-72655 582-09-72655	50,119 3,225
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Protection Agency	66.034	XA-96660501-0	<u>74,852</u> 128,196
Performance Partnership Grants	Environmental Protection Agency/Texas Commission on Environmental Quality	66.605	582-09-86410 582-09-86375 582-10-86410 582-10-86375	(56,241) 1,680 89,112 <u>31,656</u> 66,207
Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Protection Agency	66.818	BF-9666030-1 BF-9666040-1	17,733 <u>65,043</u> <u>82,776</u>
Total Environmental Protection Agency				<u>443,437</u>
ARRA - Weatherization Assistance for Low-Income Persons	U.S. Department of Energy/ Texas Department of Housing and Community Affairs	81.042	16090000704	1,760,664
ARRA - Energy Efficiency and Conservation Block Grant Program	U.S. Department of Energy	81.128	EE0000964	<u>394,797</u>
Total U.S. Department of Energy				<u>2,155,461</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	Department of Health and Human Services/ Texas Department of State Health Services	93.018	2010-034779-001	\$ 66,001
Public Health Emergency Preparedness	Department of Health and Human Services/ Texas Department of State Health Services	93.069	2009-031668-001 2009-032094-001 2009-032170-001 2010-033393-001C 2010-033512-001G 2010-035411-001 2010-035728-001 2010-035864-001 2010-33512-001G	87,667 346,522 204,230 181,880 508,515 5,450 3,208 16,624 <u>782,183</u> 2,136,279
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Department of Health and Human Services/ Texas Department of State Health Services	93.116	2009-030517-001B 2010-034144-001	160,743 <u>180,275</u> 341,018
<i>Immunization Cluster</i>				
Immunization	Department of Health and Human Services/ Texas Department of State Health Services	93.268	2009-029078-001 2010-031604-001	60,090 <u>1,239,796</u> 1,299,886
<i>Total Immunization Cluster</i>				
Centers for Disease Control and Prevention- Investigations and Technical Assistance	Department of Health and Human Services/ Texas Department of State Health Services	93.283	2008-028003-001 2008-028009-001 2008-028498-001 2009-031317-001 2009-031089-001	(5,753) (14,388) (3,127) 111,786 <u>168,818</u> 257,336
ARRA - Strengthening Communities Fund	Department of Health and Human Services	93.711	90SN0029	57,573
National Bioterrorism Hospital Preparedness Program	Department of Health and Human Services/ Texas Department of State Health Services	93.889	2009-032154-001	26,868
HIV Prevention Activities-Health Department Based	Department of Health and Human Services/ Texas Department of State Health Services	93.940	2010-032915-001	69,207

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	Department of Health and Human Services/ Texas Department of State Health Services	93.943	2009-030621-001 2010-034530-001 2010-034570-001B	\$ 70,749 114,774 <u>191,343</u> 376,866
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Department of Health and Human Services/ Texas Department of State Health Services	93.944	2009-030646-001 2010-034564-001	27,430 <u>19,817</u> 47,247
Preventive Health and Health Services Block Grant	Department of Health and Human Services/ Texas Department of State Health Services	93.991	2009-028445-001 2010-032532-001	4,168 <u>188,716</u> 192,884
Maternal and Child Health Services Block Grant to the States	Department of Health and Human Services/ Texas Department of State Health Services	93.994	DSHS 2009-029529-001B DSHS 2009-029826-001A DSHS 2010-031630-001A DSHS 2010-032888-001A G410727 TITLE V FY07 (Carryover)	6,277 6,620 235,866 106,747 21,965 <u>377,475</u>
Total U.S. Department of Health and Human Services				<u>5,248,640</u>
Retired and Senior Volunteer Program	Corporation for National and Community Service/ Texas Department of Aging and Disability Services	94.002		142,829
<i>Foster Grandparent/Senior Companion Cluster</i> Foster Grandparent Program	Corporation for National and Community Service/ Texas Department of Aging and Disability Services	94.011		482,901
Total Corporation for National Community Service				<u>625,730</u>
High Intensity Drug Trafficking Areas Program	Executive Office of the President	95.001	G09SW0007A I8PSWP574	2,374,702 <u>71,512</u> <u>2,446,214</u>
Total Executive Office of the President				<u>2,446,214</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount Expended
<i>Homeland Security Cluster</i>				
State Domestic Preparedness Equipment Support Program	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.004	EMW-2005-FG-08972	\$ 1,610
Homeland Security Grant Program	U.S. Department of Homeland Security	97.067	2009-SS-T9-0064	549,354
Homeland Security Grant Program	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.067	Operation Stonegarden	468,483
Metropolitan Medical Response System	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.071	2007-GE-T7-0024 2008-GE-T8-0034 2009-SS-T9-0064	36,089 306,108 94,714 <u>436,911</u>
<i>Total Homeland Security Cluster</i>				1,456,358
Non-Profit Security Program	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.008	2008-GE-T8-0034	5,339,000
Emergency Management Performance Grants	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.042	G220901 FY09 10TX-EMPG-0778	(58,010) <u>60,697</u> 2,687
Assistance to Firefighters Grant	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.044	EMW-2005-FG-08972 EMW-2007-FP-01230	33,353 <u>12,500</u> 45,853
National Explosives Detection Canine Team Program	U.S. Department of Homeland Security	97.072	DTSA20-03-H-00998	200,500
State Homeland Security Program	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.073	2007-GE-T7-0024 2008-GE-T8-0034	152,539 <u>41,668</u> 194,207
Law Enforcement Terrorism Prevention Program	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.074	2007-GE-T7-0024	210,967
Buffer Zone Protection Program (BZPP)	U.S. Department of Homeland Security/ Texas Department of Public Safety	97.078	07-SR-BZ-24000-04 08-SRA-BZ-24000	23,333 <u>119,251</u> 142,584
Homeland Security Biowatch Program	U.S. Department of Homeland Security/ Texas Commission on Environmental Quality	97.091	582-10-86404 582-09-86404	148,354 <u>107,310</u> 255,664
Total U.S. Department of Homeland Security				<u>7,847,820</u>
Total Federal Awards Expended				<u>85,215,173</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Granting Agency/Grant Program	Grant or Identifying Number	Amount Expended
Texas State Library & Archive Commission		
Loan Star Libraries Grant	442-09156	\$ 816
Loan Star Libraries Grant	442-10094	103,728
		<u>104,544</u>
Texas Department of Aging and Disability Services		
Foster Grandparent Program		5,000
Retired Seniors Volunteer Program		21,031
		<u>26,031</u>
Texas Department of State Health Services		
<i>Division for Regulatory Services</i>		
Environmental Health Group	2007-022828-001	1,393
El Paso Equipment	2010-032625-001	9,658
EMS Local Projects Grant Program	2010-033876-001	28,000
<i>Total Division for Regulatory Services</i>		<u>39,051</u>
<i>Division of Prevention and Preparedness</i>		
Tuberculosis Prevention and Control Program (2009)	2009-028588-001A	17,371
Tuberculosis Prevention and Control Program (2010)	2010-032852-001	372,405
IDCU Flu Lab	2010-031535-001	4,505
Animal Friendly Program	2010-032450-001	12,944
PHP LRN Laboratory Program	2010-035277-001	367
<i>Total Division of Prevention and Preparedness</i>		<u>407,592</u>
<i>Division for Family and Community Health Services</i>		
Title V Fee for Service Program	2010-034122-001A	81,700
<i>Total Texas Department of State Health Services</i>		<u>528,343</u>
Texas Automobile Theft Prevention Authority		
ATPA Border Partners	SA-T01-10050-09	30,398
ATPA Border Partners	SA-T01-10050-10	1,477,803
		<u>1,508,201</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Granting Agency/Grant Program	Grant or Identifying Number	Amount Expended
Texas Commission on the Arts		
Arts Create	10-31084	\$ 12,493
Arts Create	10-31253	15,500
Arts Create: Subgrant	10-31333	35,000
Arts Respond Project:Economic Development	10-31404	4,000
Arts Respond Project:Education	10-31405	3,000
Arts Respond Project:Public Safety & Criminal Justice	10-31420	1,500
Arts Respond Project:Economic Development	10-31592	1,500
		<u>72,993</u>
Texas Department of Housing and Community Affairs		
Homeless Housing and Services Program (HHDP)	63100000887	<u>553,565</u>
Texas Department of Public Safety - Division of Emergency Management/ Office of the Governor		
Local Border Security Program	LBSP-08-009	1,131
Border Security Equipment and Technology Program	BSET-08-002	299,754
Border Security Equipment and Technology Program	BSET-08-004	398,900
		<u>699,785</u>
Total State Awards Expended		<u>3,493,462</u>
Total Federal and State Awards Expended		<u>\$ 88,708,635</u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Notes to Schedule

1. This schedule includes the federal and state awards activity of all federal and state financial assistance programs of the City of El Paso, Texas, and is presented on 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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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, 2010, except for the financial assistance received by the Public Service Board – El Paso Water Utilities. The City’s reporting entity is defined in note 1(A) of 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. 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.
3. Of the federal and state expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

Program	CFDA Number	Subrecipient	Amount Provided
State Subrecipient Awards			
Arts Create/Arts Respond Programs	N/A	Various	\$ 56,400
Homeless Housing and Services Program (HHDP)	N/A	Various	<u>553,565</u>
Total State Subrecipient Awards			<u><u>\$ 609,965</u></u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

Program	CFDA Number	Subrecipient	Amount Provided
Federal Subrecipient Awards			
<i>CDBG Entitlement Cluster</i>			
Community Development Block			
Grants/Entitlement Grants	14.218	Various	\$ 1,566,021
ARRA - Community Development			
Block Grant ARRA Entitlement Grants	14.253	Various	350,000
<i>Total CDBG Entitlement Cluster</i>			<u>1,916,021</u>
Emergency Shelter Grants Program	14.231	Various	313,069
ARRA - Housing Opportunities for		International	
Persons with AIDs	14.241	AIDS Empowerment	293,258
Empowerment Zones Program	14.244	Various	2,368,070
ARRA - Homelessness Prevention			
and Rapid Re-Housing Program (HPRP)	14.257	Various	1,014,967
ARRA - Promotion of the Arts- Grants			
to Organizations and Individuals	45.024	Various	90,000
ARRA - Energy Efficiency and			
Conservation Block Grant Program	81.128	El Paso Water Utilities	<u>36,428</u>
Total Federal Subrecipient Awards			<u><u>\$ 6,031,813</u></u>

4. The City administers federal loan programs. These programs are initiated with a grant of federal funds and are sustained after the original money is distributed 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, 2010, outstanding principal balances of these loans were as follows:

Federal Grantor/Program Title	CFDA Number	Loans Receivable Principal
Department of Housing and Urban Development:		
Community Development Block Grants/Entitlement Grants	14.218	\$ 8,801,354
HOME Investment Partnerships Program	14.239	26,415,987
Empowerment Zones Program	14.244	<u>2,096,206</u>
Total revolving loans		<u><u>\$ 37,313,547</u></u>

City of El Paso, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended August 31, 2010

5. 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, 2010 is \$1,150,000.
6. The accompanying schedule reflects certain adjustments resulting from fiscal adjustments to closed grants and transfers between grants. As a result, certain grants show negative expenditures.
7. Federal and state financial assistance programs are reported in the City's financial statements primarily in the Community Development Block Grants and Nonmajor 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 Revenues, Expenses, and Changes in Fund Net Assets (Deficit) Proprietary Funds.

**Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the 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
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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2011, which contained a reference to the reports of other accountants. 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 El Paso City Employees' Pension Fund, a component unit included in the financial statements of the aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*. Other accountants audited the financial statements of the El Paso Firemen and Policemen's Pension Fund and the Public Service Board - 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 accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants. The financial statements of the El Paso Firemen and Policemen's Pension Fund, a component unit included in the financial statements of the aggregate remaining fund information, were not audited in accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*. The financial statements of the Public Service Board - 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

The Honorable Mayor and Members of the City Council
City of El Paso, Texas
Page 2

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above

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 the State of Texas *Uniform Grant Management Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated February 28, 2011.

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

BKD, LLP

February 28, 2011

Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal and State Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal and State Awards in Accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards

The Honorable Mayor and Members of the City Council
City of El Paso, Texas
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 could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2010. The City's major federal and state programs are identified in the summary of auditor's 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 compliance of the City based on our audit.

The City's basic financial statements include operations of the Public Service Board –El Paso Water Utilities (EPWU), a discretely presented component unit of the City, which received \$8,149,944 in federal awards which are not included in the schedule during the year ended August 31, 2010. Our audit, described below, did not include the operations of the EPWU because the component unit engaged other accountants 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas *Uniform Grant Management Standards*. Those standards, OMB Circular A-133 and the Texas Uniform Grant Management Standards 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State of Texas *Uniform Grant Management Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-01, 2010-02 and 2010-03.

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 the 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*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01, 2010-02 and 2010-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, we express no opinion on the responses.

The Honorable Mayor and City Council
City of El Paso, Texas
Page 3

Schedule of Expenditures of Federal and State Awards

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 as of and for the year ended August 31, 2010, and have issued our report thereon dated February 28, 2011, which contained a reference to the reports of other accountants. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

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

BKD, LLP

June 23, 2011, except for the paragraph
on the Schedule of Expenditures of Federal Awards
which is February 28, 2011

City of El Paso, Texas
Schedule of Findings and Questioned Costs
Year Ended August 31, 2010

Summary of Auditor's Results

1. The opinions expressed in the independent accountants' report were:

Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting disclosed:

Significant deficiency(ies)?

Yes No

Material weakness(es)?

Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs disclosed:

Significant deficiency(ies)?

Yes No

Material weakness(es)?

Yes No

5. The opinions expressed in the independent accountants' report were:

Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133?

Yes No

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

7. The City's major federal programs were:

Cluster/Program	CFDA Number
<i>CDBG - Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grants	14.218
ARRA-Community Development Block Grant ARRA Entitlement Grants	14.253
Highway Planning and Construction Cluster	20.205
<i>Federal Transit Cluster</i>	
Federal Transit - Formula Grants	20.507
ARRA - Federal Transit - Formula Grants	20.507
Non-Profit Security Program	97.008

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$2,556,455

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

State Awards

10. The independent accountants' report on internal control over compliance with requirements applicable to major state awards programs disclosed:

Significant deficiency(ies)? Yes No

Material weakness(es)? Yes No

11. The opinions expressed in the independent accountants' report on compliance with requirements applicable to major state awards were:

Unqualified Qualified Adverse Disclaimed

12. The audit disclosed findings required to be reported by the State of Texas *Uniform Grant Management Standards*: Yes No

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

13. The City's major state programs were:

Cluster/Program

ATPA Border Partners

Border Security Equipment and Technology Program

Homeless Housing and Services Program (HHDP)

14. The City qualified as a low-risk auditee as that term is defined in the State of Texas *Uniform Grant Management Standards*?

Yes

No

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Findings Required to be Reported by *Government Auditing Standards*

No matters are reportable.

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2010-01	<u>CDBG – Entitlement Grants Cluster</u> <u>ARRA – Community Development Block Grant</u> <u>ARRA Entitlement Grants</u> <u>CFDA No. 14.253</u> <u>U.S. Department of Housing and Urban Development</u> <u>Subrecipient Monitoring</u>	None

Criteria or Specific Requirement:

Pursuant to Section 1512(h) of the American Recovery and Reinvestment Act of 2009 (ARRA) and 2 CFR section 176.50(c), the City is required to identify to first-tier subrecipients to register in the Central Contractor Registry (CCR).

Condition

Centro Mayapan Festival Marketplace, a CDBG-R subrecipient, was awarded a grant in the amount of \$250,000. A search for the subrecipient in the CCR database was performed and yielded no matches. It was concluded that the subrecipient was not registered in the CCR database.

Context

One of the two subrecipients of the City’s CDBG-R program was not registered in the CCR database

Effect

Registration with the CCR by a first-tier subrecipient awarded recovery money is required by federal regulations.

Cause

The City did not properly notify the subrecipient or ensure the subrecipient was properly registered in the CCR system before awarding the Organization federal funds.

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Reference Number	Finding	Questioned Costs
---------------------	---------	---------------------

Recommendation

It is recommended that all of the City's subrecipients of recovery money are notified of the requirement to register in the CCR database and that the City review the CCR database and document the registration of the subrecipient before approving the award.

Views of Responsible Officials and Planned Corrective Actions

Agree.

Corrective Action Planned:

The Community Development department will contact the subrecipient and require them to register with the CCR. Additionally, the City will notify all organizations requesting recovery grant funds to register with the CCR before final approval of the grant application and will review the system and document the registration before awarding the Organization grant funding.

Contact Person Responsible for Corrective Action:

Mr. William Lilly, Director of Community Development

Anticipated Completion Date:

June 15, 2011

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Reference Number	Finding	Questioned Costs
2010-02	<u>CDBG – Entitlement Grants Cluster</u> <u>Community Development Block Grants/Entitlement Grants</u> <u>CFDA No. 14.218</u> <u>U.S. Department of Housing and Urban Development</u> <u>Reporting</u>	None

Criteria or Specific Requirement:

Pursuant to 24 CFR 135.90 the City is required to submit an accurate HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low-and Very Low-Income Persons* (OMB No. 2529-0043) annually for the CDBG program if the program receives over \$200,000 in funding that involves housing rehabilitation, housing construction, or other public construction.

Condition

The City did not file the report for the CDBG program for the fiscal year ending August 31, 2010.

Context

The HUD 60002 report is required to be submitted with the program’s annual performance report since the program received over \$200,000 in funding involving housing rehabilitation, housing construction, or other public construction.

Effect

The CDBG program performance reporting requirements were not followed in the manner required by federal regulations.

Cause

The City did not have adequate controls or procedures in place to ensure the report was filed accurately and timely.

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Reference Number	Finding	Questioned Costs
	<p><i>Recommendation</i></p> <p>It is recommended that the Section 3 report for CDBG program for the fiscal year ended August 31, 2010 be filed as soon as possible and that adequate controls and procedures be put in place to ensure all reports are filed accurately and timely.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i></p> <p>Agree.</p> <p><i>Corrective Action Planned:</i></p> <p>The City will file the HUD 60002 report as soon as the information is compiled and will incorporate procedures and controls to existing policies and manuals for filing this report in the future.</p> <p><i>Contact Person Responsible for Corrective Action:</i></p> <p>Mr. William Lilly, Director of Community Development</p> <p><i>Anticipated Completion Date:</i></p> <p>July 15, 2011</p>	

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Findings Required to be reported by the State of Texas Uniform Grant Management Standards

Reference Number	Finding	Questioned Costs
2010-03	<u>Border Security Equipment and Technology Program</u> <u>Grant No. BSET-08-002 & 004</u> <u>Texas Department of Public Safety</u> <u>Reporting</u>	None

Criteria or Specific Requirement:

Pursuant to the *Border Security Equipment and Technology Grant Guidance and Application Kit Section 4, subsection IV* the City must meet the reporting requirements during the life of the grant. The reporting requirements include filing statistical, performance, and financial reports.

Condition

The City did not prepare and submit any of the required monthly or quarterly statistical reports or performance reports as required by items B and C of the above referenced sections of the Guidance and Application Kit.

Context

None of the required monthly statistical or quarterly performance reports were filed by the City. The reports are due 30 days after the end of the reporting period.

Effect

The Border Security Equipment and Technology reporting requirements were not followed in the manner required by state regulations.

Cause

The City did not perform proper research or review of the *Border Security Equipment and Technology Grant Guidance and Application Kit Section 4, subsection IV* to ensure all reporting requirements were being met as required by state regulations.

City of El Paso, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2010

Reference Number	Finding	Questioned Costs
	<p><i>Recommendation</i></p> <p>It is recommended that the reports for the Border Security Equipment and Technology program be filed and that procedures be put in place to ensure all grant requirements are being reviewed and documented and controls be established to ensure all grant requirements are being properly followed.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i></p> <p>Agree.</p> <p><i>Corrective Action Planned:</i></p> <p>The City will begin working to file all required reports and will implement controls and procedures to ensure that future reports are timely filed.</p> <p><i>Contact Person Responsible for Corrective Action:</i></p> <p>Laura F. Garcia, Administrative Services Manager</p> <p><i>Anticipated Completion Date:</i></p> <p>July 31, 2011</p>	

City of El Paso, Texas
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2010

Reference Number	Finding	Status
2008-02	<u>Empowerment Zones Program</u> <u>CFDA No. 14.244</u> <u>U.S. Department of Housing and Urban Development</u> <u>Subrecipient Monitoring</u>	Resolved

Criteria or Specific Requirement:

Per OMB A-133 Section 400(d), the City is responsible for monitoring subrecipients for compliance with grant agreements and other OMB requirements.

Condition:

On October 12, 1999, the City of El Paso (City) contracted with a third party to administer its Empowerment Zone Grants. In the fall of 2006, while conducting its subrecipient monitoring duties, the City identified findings regarding business and accounting practices, lack of internal controls and potential illegal acts and abuse involving the disbursement of grant funds. In December 2006, the third-party's independent auditor completed an audit in accordance with OMB A-133 and identified similar findings.

Subsequent to the third-party's independent audit, the Department of Housing and Urban Development (HUD) conducted their own investigation and found similar findings which led to an investigation by the Federal Bureau of Investigation which is still ongoing. In May of 2007, HUD agreed to allow the City to transition the administration of the Empowerment Zone Grant from the third party.

Context:

Due to the transition of the administration of the program back to the City, the City was only able to monitor 4 out of an unknown amount of subrecipient programs for the fiscal year ended August 31, 2008.

Effect:

The City was not in compliance with the requirements of the Empowerment Zone Grant due to its inability to monitor the subrecipients of the program

City of El Paso, Texas
Summary Schedule of Prior Audit Findings (Continued)
Year Ended August 31, 2010

Reference Number	Finding	Status
2008-02 (Continued)	<u>Empowerment Zones Program</u> <u>CFDA No. 14.244</u> <u>U.S. Department of Housing and Urban Development</u> <u>Subrecipient Monitoring</u>	Resolved

Cause:

During the investigation of the outside administrator by Federal authorities certain of the program records were seized and the City has been unable to obtain timely custody of the necessary documents which prohibited it from performing its subrecipient monitoring duties.

Recommendation:

We recommend the City begin monitoring all subrecipients as quickly as possible.

Views of Responsible Officials and Corrective Actions Taken:

The City believes this issue has been resolved. The investigation has been completed and the subrecipient records have been returned. The City is now monitoring all subrecipients in accordance with its subrecipient monitoring policies.

City of El Paso, Texas
Summary Schedule of Prior Audit Findings (Continued)
Year Ended August 31, 2010

Reference Number	Summary of Finding	Status
07-4	<u>Empowerment Zone</u> <u>CFDA No. 14.244</u> <u>U.S. Department of Housing and Urban Development</u> <u>Subrecipient Monitoring</u>	Unresolved

Criteria:

Per OMB Circular A-133 (§___,225 and §___,400(d)), the program is responsible for assuring before disbursing any Empowerment Zone funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient, which shall include provisions concerning the statement of work, records, reports, program income, uniform administrative requirements, and reversions of assets. In addition, the program is responsible for monitoring subrecipients for compliance with agreements and other OMB requirements.

Condition/Context:

The City utilized only one subrecipient in the delivery of services related to this grant. During the City's subrecipient monitoring activities in fall 2006, the City identified concerns regarding the subrecipient's utilization of federal grant funds. The concerns involve allegations regarding business and accounting practices, lack of sufficient controls and possible illegal acts and abuse regarding the payment of certain expenditures. In December 2006, the subrecipient's independent external auditor completed an audit in accordance with OMB Circular A-133 and identified two findings and questioned costs of \$611,520.

Subsequent to the identification of the issues noted above, the Department of Housing and Urban Development (HUD) conducted their own investigation into the Empowerment Zone grant with a particular focus on the subrecipient's activities. Based on HUD's review, HUD has issued notices of preliminary findings regarding the City's management of the program which included the \$611,520 of questioned costs noted above plus an additional \$508,025 (total of \$1,119,545). Per an April 10, 2008 letter from HUD, the City cleared \$320,006 of the questioned cost. The remaining \$799,539 of questioned costs is being discussed.

City of El Paso, Texas
Summary Schedule of Prior Audit Findings (Continued)
Year Ended August 31, 2010

Reference Number	Summary of Finding	Status
07-4 (Continued)	<u>Empowerment Zone</u> <u>CFDA No. 14.244</u> <u>U.S. Department of Housing and Urban Development</u> <u>Subrecipient Monitoring</u>	Unresolved

Cause and Effect:

The subrecipient under this grant expended funds in manner that may not be in compliance with the terms of the grant agreement and, based on this, HUD has raised questions regarding the City's subrecipient monitoring practices. As a result of the concerns noted, HUD has requested the City to reimburse HUD for amounts it believes the subrecipient improperly expended. Potential questioned costs range from \$0 up to \$799,539.

Recommendation:

We recommend that the City complete its investigation into the potentially unallowable expenditures. We also recommend that the City evaluate their subrecipient monitoring procedures for opportunities to improve this process in the future.

Views of Responsible Officials and Corrective Action Plan:

The City of El Paso is working diligently with the U.S Department of Housing and Urban Development to resolve all pending issues.