

COMPLIANCE SECTION



2016

Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2016

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PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**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**

Honorable Mayor and Members of the City Council
City of Henderson, Nevada

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Henderson, Nevada (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 28, 2016.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from 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 basic financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. 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*.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Perry Boulder Taylor". The signature is written in a cursive style with a large, stylized initial "P".

Las Vegas, Nevada
October 28, 2016

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of the City Council
City of Henderson, Nevada

We have audited the compliance of the City of Henderson, Nevada (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016.

Other Matters. The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016 - 001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over

compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 program will not be prevented, or detected and corrected, on a timely basis. 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 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 28, 2016, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada
October 28, 2016

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster				
<i>Passed through State of Nevada Department of Agriculture</i>				
Special Milk Program for Children				
Safekey Milk Grant FY16	10.556	M-102375-10	\$	28,730
Total Child Nutrition Cluster				28,730
Total U.S. Department of Agriculture				28,730
<u>U.S. Department of Commerce</u>				
<i>Direct program</i>				
Economic Development_ Technical Assistance				
Technology Innovation Study	11.303			12,000
Total U.S. Department of Commerce				12,000
<u>U.S. Department of Housing and Urban Development</u>				
CDGB - Entitlement Grants Cluster				
<i>Direct program</i>				
Community Development Block Grant/Entitlement Grants				
Community Development Block Grants	14.218*		\$	1,209,098
Neighborhood Stabilization Program	14.218*		191,985	206,046
CDBG - Outstanding Loan Balance at June 30, 2015	14.218*			458,767
Program Income - CDBG Funds	14.218*			12,500
			480,156	1,886,411
<i>Passed through State of Nevada Housing Division</i>				
Neighborhood Stabilization Program	14.218*	NV-001-HE2	68,708	68,708
Program Income - NSP Funds	14.218*			21,599
			68,708	90,307
Total CDGB - Entitlement Grants Cluster			548,864	1,976,718
<i>Direct program</i>				
Home Investment Partnerships Program				
Home Grants	14.239		406,699	473,068
Home Grants - Outstanding Loan Balance at June 30, 2015	14.239			1,858,733
Home Grants - Fiscal Year 2016 Loans	14.239			65,366
Program Income - Home Funds	14.239			76,872
			406,699	2,474,039

* Major program

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development (Continued)				
<i>Passed through State of Nevada Housing Division</i>				
Home Grants	14.239	Agreement	22,491	22,491
			<u>429,190</u>	<u>2,496,530</u>
<i>Direct program</i>				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900			<u>892,172</u>
Total U.S. Department of Housing and Urban Development			<u>978,054</u>	<u>5,365,420</u>
U.S. Department of the Interior				
<i>Direct program</i>				
Southern Nevada Public Land Management				
UPRR Right of Way	15.235			58,240
Paradise Pointe Park	15.235			105,878
Fox Ridge Improvements	15.235			20,604
I-215 Regional Trail	15.235			<u>325,261</u>
				509,983
<i>Direct program</i>				
Water Conservation Field Services (WCFS)				
Irrigation Retrofit Project	15.530			20,000
<i>Direct program</i>				
Partners for Fish and Wildlife				
Bird Viewing Preserve	15.631			6,489
<i>Passed through Nevada State Historic Preservation Office</i>				
Historic Preservation Fund Grants-In-Aid				
SHPO Survey FY16	15.904	P15AS00020 (2)		<u>11,520</u>
Total U.S. Department of the Interior				<u>547,992</u>
U.S. Department of Justice				
<i>Direct program</i>				
DEA-Cannabis 2015	16.unknown			25,568
DEA-Cannabis 2016	16.unknown			<u>5,738</u>
				31,306
<i>Passed through Las Vegas Metropolitan Police Department</i>				
Missing Children's Assistance				
Internet Crimes Against Children 2014	16.543	2014-MC-FX-K045		<u>22,200</u>

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Justice (Continued)</u>				
<i>Passed through State of Nevada Office of Attorney General</i>				
<i>ARRA-Violence Against Women Formula Grants</i>				
STOP -VAWA 2014	16.588	2014-VAWA-01		20,587
STOP -VAWA 2015	16.588	2015-VAWA-01		21,492
				<u>42,079</u>
<i>Direct program</i>				
<i>Edward Byrne Memorial Justice Assistance Grant Program</i>				
Local JAG 2013	16.738			6
Local JAG 2014	16.738			17,065
Local JAG 2015	16.738			35,033
<i>Passed through State of Nevada Department of Public Safety</i>				
State JAG 2013 - Records	16.738	13-JAG-40		9,749
State JAG 2014	16.738	14-JAG-11		14,750
				<u>76,603</u>
<i>Direct program</i>				
<i>Paul Coverdell Forensic Sciences Improvement Grant Program</i>				
Coverdell 2015	16.742			<u>124,252</u>
<i>Direct program</i>				
<i>Edward Byrne Memorial Competitive Grant Program</i>				
SMART 2014	16.751			<u>15,714</u>
<i>Direct program</i>				
Equitable Sharing Program	16.922			<u>287,837</u>
Total U.S. Department of Justice				<u>599,991</u>
<u>U.S. Department of Transportation</u>				
<i>Highway Planning and Construction Cluster</i>				
<i>Passed through State of Nevada Department of Transportation</i>				
<i>Highway Planning and Construction</i>				
NDOT I-215 Regional Trail	20.205	P057-16-063		1,470
NDOT St. Rose @ Gilespie	20.205	PR288-14-063		4,117
NDOT Electric Vehicles	20.205	PR287-14-063		36,732
NDOT Sunset Rd ITS Ph 1	20.205	P349-12-063		1,457
NDOT Sunset Rd ITS Ph 2	20.205	P352-12-063		2,515
NDOT Valle Verde ITS	20.205	P347-12-063		192,117
NDOT Pecos Rd ITS	20.205	P346-12-063		237,451
NDOT St. Rose Intersection Improvements	20.205	P348-12-063		4,116

* Major program

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Transportation (Continued)</u>				
NDOT Horizon Rdg I515 Op Impvt	20.205	PR-121-13-015		42,263
NDOT Boulder - Magic Traffic Signal	20.205	PR-309-13-063		17,152
NDOT Wireless ITS/GPS Signal Upgrades	20.205	PR293-14-063		6,261
Joining Forces 2015	20.205	JF-2015-HPD-00009		<u>25,596</u>
Total Highway Planning and Construction Cluster				<u>571,247</u>
<i>Direct program</i>				
Motor Carrier Safety Assistance				
Commercial Enforcement 2015 - FY15 High Priority Grant	20.218			<u>99,163</u>
Highway Safety Cluster				
<i>Passed through State of Nevada Department of Transportation</i>				
State and Community Highway Safety				
Joining Forces 2016	20.600	JF-2016-HPD-00012		<u>41,187</u>
<i>Passed through State of Nevada Department of Transportation</i>				
National Priority Safety Programs				
Joining Forces 2015	20.616	JF-2015-HPD-00009		21,732
Joining Forces 2016	20.616	JF-2016-HPD-00012		<u>108,319</u>
				<u>130,051</u>
Total Highway Safety Cluster				<u>171,238</u>
<i>Passed through State of Nevada, State Emergency Response Commission & Clark County</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants				
Hazmat Continuing Challenge Conference (SERC)	20.703	Interlocal Agreement		11,108
Hazardous Materials and Training (SERC)	20.703	Interlocal Agreement		7,004
Hazardous Materials Emergency Preparedness (HEMP)	20.703	Interlocal Agreement		<u>15,155</u>
				<u>33,267</u>
Total U.S. Department of Transportation				<u>874,915</u>

CITY OF HENDERSON, NEVADA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Health and Human Services</u>				
<i>Aging Cluster</i>				
<i>Passed through State of Nevada Division of Aging Services</i>				
<i>Special Programs for the Aging_ Title III, Part C_ Nutrition Services</i>				
Senior Nutrition Congregate 2015	93.045*	03-031-07-1X-15		110,893
Senior Nutrition Congregate 2016	93.045*	03-031-07-1X-16		143,329
Senior Nutrition Homebound 2015	93.045*	03-031-04-2X-15		146,831
Senior Nutrition Homebound 2016	93.045*	03-031-04-2X-16		226,964
Program Income - Senior Nutrition	93.045*			<u>152,600</u>
				<u>780,617</u>
 <i>Passed through State of Nevada Division of Aging Services</i>				
<i>Nutrition Services Incentive Program</i>				
Senior Nutrition 2015	93.053*	03-031-57-NX-15		130,894
Senior Nutrition 2016	93.053*	03-031-57-NX-16		<u>132,148</u>
				<u>263,042</u>
Total Aging Cluster				<u>1,043,659</u>
 <i>Direct program</i>				
<i>Substance Abuse and Mental Health Services_ Projects of Regional and National Significance</i>				
ABC Court	93.243			<u>88,080</u>
Total U.S. Department of Health and Human Services				<u>1,131,739</u>
 <u>U.S. Department of Homeland Security</u>				
<i>Passed through State of Nevada Department of Public Safety</i>				
<i>Emergency Management Performance Grants</i>				
Emergency Management Performance Grants FFY14	97.042	9704214		13,000
Emergency Management Performance Grants FFY15	97.042	9704215		100,681
Emergency Management Performance Grants FFY16	97.042	9704216		<u>44,920</u>
Total U.S. Department of Homeland Security				<u>158,601</u>
Total expenditures of federal awards			\$ 978,054	\$ <u>8,719,388</u>

* Major program

CITY OF HENDERSON, NEVADA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Henderson, Nevada (the City) under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Outstanding Loan Balances

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included as federal expenditures presented in the Schedule. At June 30, 2016, the balance of loans outstanding consists of:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 400,568
14.239	Home Investment Partnerships Program	1,810,344
		<u>\$ 2,210,912</u>

CITY OF HENDERSON, NEVADA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	Yes
Identification of major programs	
CFDA number	14.218
Name of federal program or cluster	Community Development Block Grant / Entitlement Grants
CFDA number	93.045, 93.053
Name of federal program or cluster	Aging Cluster - Special Programs for the Aging Title III, Part C Nutrition Services; Nutrition Services Incentive Program
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes

(Continued)

CITY OF HENDERSON, NEVADA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

None reported

(Continued)

CITY OF HENDERSON, NEVADA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)

2016 - 001	
Federal program	CFDA#93.045 - Special Programs for the Aging_ Title III, Part C _Nutrition Services
Criteria or specific requirement	To receive benefits from this grant program, applicants must be at least 60 years of age.
Condition and context	One out of 40 individuals selected for eligibility testing was less than 60 year of age at the time they received benefits pursuant to this grant.
Questioned costs	Undetermined.
Effect	Benefits were provided to an ineligible applicant.
Cause	The City's senior nutrition grant administrators believed that, as with certain senior nutrition grant programs, applicants with caregivers that are at least 60 years of age qualify to receive benefits. However, this particular grant agreement specifies that the applicant's spouse must be at least 60 years of age for the applicant to receive benefits.
Repeat finding	No
Recommendation	The City's senior nutrition grant administrators should communicate and reinforce the correct eligibility requirements with applicable grant personnel to ensure the eligibility requirements are met prospectively.
Management's response	Management informed us that all current staff assigned will be re-trained on program requirements to correct the misinterpretation of program eligibility requirements. All staff will be re-trained every two years or more frequently as program requirements are updated.

CITY OF HENDERSON, NEVADA

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

None reported

(Continued)

CITY OF HENDERSON, NEVADA

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a)

2015 - 001	
Federal program	CFDA#14.900 - Lead-Based Paint Hazard Control in Privately-Owned Housing
Criteria or specific requirement	OMB Circular A-133, Subpart D--Federal Agencies and Pass- Through Entities, § ____.400 Responsibilities. (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: (1) Identify Federal awards made by informing each subrecipient of the CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award. (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
Condition and context	The subrecipient agreement to UNLV did not disclose the CFDA number within the contract. Additionally, we were informed by Neighborhood Services personnel that the CFDA number is not included on any subrecipient contracts for grants overseen by this department. In addition, the Neighborhood Services department did not review the most recent A-133 report or the Federal Audit Clearinghouse to determine whether there were single audit findings for UNLV that would potentially result in unallowable subrecipient expenditures.
Current status	Corrected.

(Continued)

CITY OF HENDERSON, NEVADA

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a) (continued)

2015 - 002

Federal program

CFDA #15.235: Southern Nevada Public Land Management

Criteria or specific requirement

Quarterly reports must include:

Funding needs for the next quarter through transfer, reimbursement requests for the previous quarter for projects under IAA or BLM reimbursable task orders, estimated ASAP drawdowns or estimated BLM direct charges for the next quarter

Condition and context

We noted that three of the four quarterly performance reports submitted to the granting agency during fiscal 2015 were not complete and accurate. Budgeted amounts for future quarter funding was understated in the first, second and third quarter reports by \$15,000, \$22,000, and \$100,000, respectively.

Current status

Corrected.

CITY OF HENDERSON, NEVADA

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2016

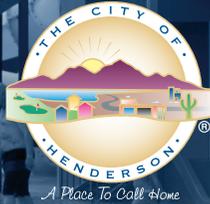
As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2016	\$	4,129,568
Business license revenue for the year ended June 30, 2015 (base year)	\$	3,721,163
Adjustment to base year		
Percentage change in Consumer Price Index		<u>1.00 %</u>
Total adjustment to base year		<u>37,212</u>
Adjusted business license revenue base for the year ended June 30, 2016		<u>3,758,375</u>
Amount over allowable maximum	\$	<u><u>371,193</u></u>

FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2016	\$	2,362,510
Business license revenue for the year ended June 30, 2015 (base year)	\$	2,329,850
Adjustment to base year		
Percentage change in local government population		3.08 %
Percentage change in Consumer Price Index		<u>1.00 %</u>
Total adjustment to base year		<u>4.08 %</u>
Adjusted business license revenue base for the year ended June 30, 2016		<u>95,058</u>
Amount under allowable maximum	\$	<u><u>(62,398)</u></u>



Andy Hafen
Mayor

Sam Bateman
Councilman

Debra March
Councilwoman

John F. Marz
Councilman

Gerri Schroder
Councilwoman

Robert A. Murnane
City Manager

Gregory W. Blackburn
Assistant City Manager

Bristol S. Ellington,
Assistant City Manager

Richard A. Derrick
Chief Financial Officer