

COMPLIANCE SECTION

2015 Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2015



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**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, 2015, 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 November 2, 2015.

**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, reading "Perry Boulet Taylor & Keen". The signature is written in a cursive style with a long horizontal line extending from the top of the first word.

Las Vegas, Nevada  
November 2, 2015

P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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) *Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, 2015.

**Other Matters.** The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015 - 001 and 2015 - 002. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.** 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 2, 2015, 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 OMB Circular A-133 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  
November 2, 2015

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Child Nutrition Cluster			
<i>Passed through State of Nevada Department of Agriculture</i>			
Special Milk Program for Children	10.556	M-102375.10	\$ 32,617
Total Child Nutrition Cluster			<u>32,617</u>
<i>Passed through State of Nevada Division of Forestry</i>			
Cooperative Forestry Assistance (BVP Fuel Reduction)	10.664	USDA/SFA/14/03	<u>18,281</u>
Total U.S. Department of Agriculture			<u>50,898</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Direct program</i>			
Community Development Block Grants/Entitlement Grants			
Community Development Block Grants	14.218	B-14-MC-32-00053	1,181,379
Neighborhood Stabilization Program	14.218	B-11-MN-32-0001	160,026
Program Income-CDBG Funds	14.218		<u>34,428</u>
			<u>1,375,833</u>
<i>Direct program</i>			
Home Investment Partnerships Program			
Home Grants	14.239	M-14-MC-32-0242	116,941
Program Income-Home Funds	14.239		<u>104,779</u>
			<u>221,720</u>
<i>Direct program</i>			
Sustainable Communities Regional Planning Grant	14.703	FR-5500-N-30FA	<u>748,260</u>
<i>Direct program</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900*	NVLHB0558-13	<u>699,744</u>
Total U.S. Department of Housing and Urban Development			<u>3,045,557</u>
<b><u>U.S. Department of the Interior</u></b>			
<i>Direct program</i>			
Southern Nevada Public Land Management			
UPRR Right of Way	15.235*	HN22, L05AC14427	46,617
UPRR Phase III	15.235*	HN23, L05AC14404	162
Whitney Mesa Trailhead	15.235*	HN27, L07AC12954	973,097
Wetlands Trail Phase II	15.235*	HN28, L07AC14291	291
Lake Mead Parkway Trail	15.235*	HN31, L07AC14400	186
McCullough Vista Park	15.235*	HN33, L08AC14130	3,562,586
Green Valley Flood Control Panel	15.235*	HN35, L08AC13389	551,850
Whitney Mesa Nature Preserve Phase II	15.235*	HN36, L09AC15525	5,716
Paradise Pointe Park	15.235*	HN38, L11AC20013	657,666
RMLT Safety & Education	15.235*	HN37, L11AC20011	462,483
Fox Ridge Improvements	15.235*	HN39, L12AC20355	30,084

\* Major program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of the Interior (continued)</u></b>			
I-215 Regional Trail	15.235*	HN40, L12AC20494	47,399
Boulder Creek Park	15.235*	HN41, L13AC20070	<u>256,427</u>
Total U.S. Department of the Interior			<u>6,594,564</u>
<b><u>U.S. Department of Justice</u></b>			
<i>Direct program</i>			
Missing Children's Assistance	16.543	2011-MC-CX-K002	43,084
<i>Passed through Las Vegas Metropolitan Police Department</i>			
Missing Children's Assistance	16.543	2014-MC-FX-K045	<u>12,353</u>
			<u>55,437</u>
<i>Direct program</i>			
ARRA-Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0322	<u>24,759</u>
<i>Direct program</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DD-3X-0724	47,283
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1055	10,633
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0920	6,682
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0542	<u>5,579</u>
			70,177
<i>Passed through State of Nevada Department of Public Safety</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-11	<u>112,151</u>
			<u>182,328</u>
<i>Passed through State of Nevada Office of Attorney General</i>			
ARRA-Violence Against Women Formula Grants	16.588	2012-WF-AX-0041	20,972
ARRA-Violence Against Women Formula Grants (Advocacy Program)	16.588	2014-VAWA-01	<u>21,339</u>
			<u>42,311</u>
<i>Direct Program</i>			
Edward Byrne Memorial Competitive Grant Program (Smart Policing Initiative)	16.751	2014-WY-BX-0003	<u>3,324</u>
<i>Direct program</i>			
Equitable Sharing Program	16.922	Cooperative Agreement	<u>310,197</u>
<i>Passed through State Justice Institute</i>			
Henderson Municipal Court Best Practices Study	16.Unknown	SJI-13-T-149	<u>50,000</u>
Total U.S. Department of Justice			<u>668,356</u>
<b><u>U.S. Department of Transportation</u></b>			
<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-515 Sunset Interchange Landscape	20.205	P222-10-063	670
NDOT Water St Enhancement	20.205	PR249-12-063	1,278,739
NDOT Lake Mead Bus Turnouts	20.205	P350-12-063	418,040
NDOT Sunset Rd ITS Ph 1	20.205	P349-12-063	240,354

\* Major program

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of Transportation (continued)</u></b>			
NDOT Sunset Rd ITS Ph 2	20.205	P352-12-063	317,555
NDOT Valley Verde ITS	20.205	P347-12-063	21,383
NDOT Pecos Rd ITS	20.205	P346-12-063	30,679
NDOT St Rose Intersection Improvements	20.205	P348-12-063	1,035,333
NDOT Boulder Hwy Trail	20.205	PR-177-13-063	101,435
NDOT Horizon Rdg I515 Op Impvt	20.205	PR-121-13-015	2,260,635
NDOT Volunteer-Via Firenze Traffic Signal	20.205	PR-277-13-063	124,835
NDOT Boulder-Magic Traffic Signal	20.205	PR-309-13-063	1,121,103
NDOT Wireless ITS/GPS Signal Upgrades	20.205	PR293-14-063	390,003
NDOT Street-N-Trail Sweeper	20.205	PR312-14-063	500,000
			7,840,764
<i>Passed through State of Nevada Department of Transportation</i>			
National Priority Safety Programs			
Joining Forces 2015	20.205	JF-2015-HPD-00009	83,797
			7,924,561
<i>Passed through State of Nevada Division of Parks</i>			
Recreational Trails Program (River Mountain Loop Repaving)			
Total Highway Planning and Construction Cluster	20.219	2013-02	121,764
			8,046,325
Highway Safety Cluster			
<i>Passed through State of Nevada Department of Transportation</i>			
State and Community Highway Safety (Joining Forces 2014)			
	20.600	JF-2014-HPD-00032	25,000
<i>Passed through State of Nevada Department of Transportation</i>			
National Priority Safety Programs			
Joining Forces 2014	20.616	JF-2014-HPD-00032	9,588
Joining Forces 2015	20.616	JF-2015-HPD-00009	57,450
			67,038
Total Highway Safety Cluster			92,038
<i>Passed through State of Nevada Department of Transportation</i>			
Alcohol Open Container Requirements (Joining Forces 2014)			
	20.607	JF-2014-HPD-00032	10,650
<i>Passed through State of Nevada Department of Transportation</i>			
NHTSA Discretionary Safety Grants			
Highway Safety Research & Development (SAFETEA-LU)	20.614	131-10-TC-188-001	33,725
<i>Passed through State of Nevada, State Emergency Response Commission</i>			
Hazardous Materials Emergency Preparedness Training and Planning			
	20.703	Interlocal Agreement	9,000
Total U.S. Department of Transportation			8,191,738
<b><u>U.S. Department of Health and Human Services</u></b>			
Aging Cluster			
<i>Passed through State of Nevada Division of Aging Services</i>			
Special Programs for the Aging_ Title III, Part C_ Nutrition Services			
Senior Nutrition Congregate 2014	93.045	03-031-07-1X-14	59,868
Senior Nutrition Homebound 2014	93.045	03-031-04-2X-14	61,440

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b><u>U.S. Department of Health and Human Services (continued)</u></b>			
Senior Nutrition Congregate 2015	93.045	03-031-07-1X-15	128,599
Senior Nutrition Homebound 2015	93.045	03-031-04-2X-15	125,437
Senior Nutrition Equipment 2015	93.045	03-031-66-1X-15	16,413
Program Income-Senior Nutrition	93.045		258,704
			650,461
<i>Passed through State of Nevada Division of Aging Services</i>			
Nutrition Services Incentive Program			
Senior Nutrition 2014	93.053	03-031-57-NX-14	99,460
Total Aging Cluster			749,921
<i>Direct Program</i>			
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance (ABC Court)			
	93.243	1H79TI025008-01	56,564
<i>Passed through Southern Nevada Health District</i>			
Community Transformation Grants -Small Communities Program (CATCH kids)			
	93.737	1H75DP004	20,885
Total U.S. Department of Health and Human Services			827,370
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through State of Nevada Department of Public Safety</i>			
Emergency Management Performance Grants			
Emergency Management Performance Grant Supplemental FFY13	97.042	9704213	9,500
Emergency Management Performance Grants FFY14	97.042	9704214	82,050
Emergency Management Performance Grants FFY15	97.042	9704215	55,722
			147,272
<i>Passed through State of Nevada Department of Public Safety</i>			
Homeland Security Grant Program			
Hazmat FFY11	97.067	97067-U11	118,441
Ballistics Equipment FFY2011	97.067	97067-HL1	144,560
Ballistics Equipment FFY2012	97.067	97067-HL2	71,915
Statewide Data Disaster Recovery	97.067	97067-HL3	122,000
			456,916
Total U.S. Department of Homeland Security			604,188
Total expenditures of federal awards			\$ 19,982,671

# CITY OF HENDERSON, NEVADA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2015**

### Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Henderson, Nevada (the City), except for those activities of the Redevelopment Agency for which a separate report is issued. The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

### Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City. Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting.

The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The amounts reported in the schedule of expenditures of federal awards agree, in all material respects, to the amounts reported within the City's basic financial statements. Federal grant award revenue is reported as intergovernmental revenues principally in the City's grants special revenue fund.

### Note 3. Subrecipients

During the year ended June 30, 2015, the City provided \$269,145 of federal awards to subrecipients related to the Community Development Block Grants/Entitlement Grants (CFDA number 14.218).

### Note 4. Outstanding Loan Balances

Certain loan programs related to home ownership and improvements are administered directly by the City and balances and transactions relating to these programs are included in the City's basic financial statements as notes receivable. In addition, the City received a loan to fund the Pittman Wash relocation project, which was completed during fiscal 2011. The outstanding loan payable is included in the City's basic financial statements, does not bear interest, and is scheduled to be repaid by 2030.

Expenditures of loaned funds and loans made during the year are included in federal expenditures.

At June 30, 2015, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 458,767
14.239	Home Investment Partnerships Program	<u>1,858,733</u>
		<u>\$ 2,317,500</u>
Federal CFDA Number	Federal CFDA Number	Loan Balance Payable
66.458	Capitalization Grants for Clean Water State Revolving Funds	<u>\$ 1,310,049</u>

**CITY OF HENDERSON, NEVADA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**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 Circular A-133, Section .510(a)	Yes
Identification of major programs	
CFDA number	14.900
Name of federal program or cluster	Lead-Based Paint Hazard Control in Privately- Owned Housing
CFDA number	15.235
Name of federal program or cluster	Southern Nevada Public Land Management
Dollar threshold used to distinguish between Type A and Type B programs	\$599,480
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, 2015**

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**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, 2015

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2015 - 001	
Program	CFDA#14.900 - Lead-Based Paint Hazard Control in Privately-Owned Housing
Specific requirements	<p>OMB Circular A-133, Subpart D--Federal Agencies and Pass- Through Entities, § __.400 Responsibilities.</p> <p>(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:</p> <p>(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&amp;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.</p> <p>(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.</p> <p>(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.</p> <p>(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.</p>
Condition and context	<p>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.</p> <p>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.</p>
Questioned costs	None.
Effect	Subrecipient agreements and monitoring were not in compliance with A-133 subrecipient standards.
Cause	The Neighborhood Services department did not effectively draft subrecipient agreements to verify compliance with A-133 compliance. Additionally Neighborhood Services personnel were not aware that subrecipient's A-133 reports needed to be reviewed.
Recommendation	The Neighborhood Services department should update their subrecipient agreements to disclose the CFDA number, if applicable. Additionally, Neighborhood Services personnel should review A-133 reports for subrecipients and/or review the Federal Audit Clearinghouse to determine if the City's subrecipients have been cited for any significant audit findings.
Management's response	Management has informed us that future subrecipient agreements will be updated to include the CFDA number. In addition, management informed us that A-133 reports and the Federal Audit Clearinghouse will be monitored for applicable subrecipients annually to ensure they have met audit requirements, assess audit findings and ensure that the subrecipients are taking appropriate and timely corrective action.

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# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2015 - 002 Program	CFDA #15.235: Southern Nevada Public Land Management
Specific requirements	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.
Questioned costs	None.
Effect	Budgeted funding was understated for three of the four quarterly performance reports submitted during fiscal 2015.
Cause	There was an error in the City's template used to calculate future quarter funding needs that resulted in some future project expenditures being omitted from the reported totals.
Recommendation	Management should verify the completeness and accuracy of the quarterly reports prior to submission.
Management's response	Management has informed us that the formula error in the City's projection template has been corrected. Additionally, we were informed that the completeness and accuracy of quarterly reports will be reviewed and verified prior to submission.

**CITY OF HENDERSON, NEVADA**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**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, 2014

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

2014 - 001	
Program	CFDA #14.703 - HUD Sustainable Communities Grant CFDA #93.045, 93.053 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services, Nutrition Services Incentive Program (Aging cluster)
Specific requirements	The information included in Federal Financial Reports (FFRs) filed with granting agencies is complete and accurate.
Condition and context	CFDA #14.703 - For the semi-annual period ended December 31, 2013, the matching expenditures reported on the FFR (\$687,185) were overstated by \$429 as compared to the detailed supporting schedules examined.  CFDA #93.045, 93.053 - For the quarterly period ended June 30, 2014, the program income reported on the FFR for the Black Mountain Senior Nutrition Program (\$175,619) were overstated by \$985 when compared to the detailed supporting schedules examined.
Questioned costs	None
Effect	The information included in the foregoing FFRs was not complete and accurate.
Cause	The review of FFRs did not identify improperly reported amounts, and program income / matching detail is tracked manually in Excel documents, which are sometimes modified subsequent to the filing of FFRs.
Current status	Corrected

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2014 - 002 Program	CFDA #14.218 - Community Development Block Grants / Entitlement Grants (CDBG) CFDA #20.205 - Highway Planning and Construction
Specific requirements	The information included in the schedule of expenditures of federal awards (SEFA) is complete and accurate.
Condition and context	We noted that expenditures reported on the SEFA for CFDA #14.218 and CFDA #20.205 were overstated by \$98,029 and \$32,578, respectively.
Questioned costs	None
Effect	Expenditures reported on the unaudited SEFA were overstated by \$130,607.
Cause	CFDA #14.218 - Duplicate expenditure detail was included within the SEFA reconciliation which went undetected during the preparation of the SEFA and not noted when preparing the final SEFA.  CFDA #20.205 - The granting agency modified its reimbursement process during the fiscal year; however, the change was not communicated by the City's grant administrator to the finance department.
Current status	Corrected

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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### Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

2014 - 003 Program	CFDA #93.045, 93.053 - Special Programs for the Aging_ Title III, Part C_ Nutrition Services, Nutrition Services Incentive Program (Aging cluster)
Specific requirements	Expenditures subject to grant requirements should be review and approved timely to ensure compliance with applicable grant requirements. The review and approval should be adequately documented and maintained.
Condition and context	We were unable to examine supporting documentation for one of the expenditures selected for testing. Although we were able to perform alternative procedures to determine that the expenditures incurred were allowable and within the period of availability, we were unable to determine if the expenditure was properly reviewed and approved.
Questioned costs	None
Effect	We were unable to determine if the expenditure was properly reviewed and approved.
Cause	Supporting documentation (in this case a journal entry) for expenditures is maintained manually, and due to the volume of documentation, information can easily be misplaced.
Current status	Corrected

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2015

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.

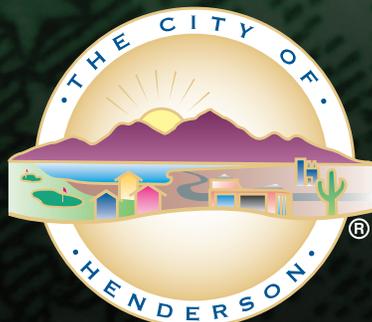
#### FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

Business license revenue for the year ended June 30, 2015		\$	3,721,163
Business license revenue for the year ended June 30, 2014 (base year)		\$	3,499,248
Adjustment to base year			
Percentage change in Consumer Price Index			0.10 %
Total adjustment to base year			<u>3,499</u>
Adjusted business license revenue base for the year ended June 30, 2015			<u>3,502,747</u>
Amount over allowable maximum		\$	<u>218,416</u>

#### FEES CALCULATED ON A FLAT OR FIXED RATE

Business license revenue for the year ended June 30, 2015		\$	2,329,850
Business license revenue for the year ended June 30, 2014 (base year)		\$	2,249,022
Adjustment to base year			
Percentage change in local government population			2.39 %
Percentage change in Consumer Price Index			<u>0.10 %</u>
Total adjustment to base year			<u>56,001</u>
Adjusted business license revenue base for the year ended June 30, 2015			<u>2,305,023</u>
Amount over allowable maximum		\$	<u>24,827</u>

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*A Place To Call Home*

## MAYOR AND COUNCIL

Andy Hafen, Mayor

Gerri Schroder, Council Ward I

Debra March, Council Ward II

John F. Marz, Council Ward III

Sam Bateman, Council Ward IV

## CITY MANAGER'S OFFICE

Robert "Bob" Murnane, City Manager

Bristol S. Ellington, Assistant City Manager

Fred Horvath, Assistant City Manager

## FINANCE DEPARTMENT

Richard A. Derrick, Chief Financial Officer