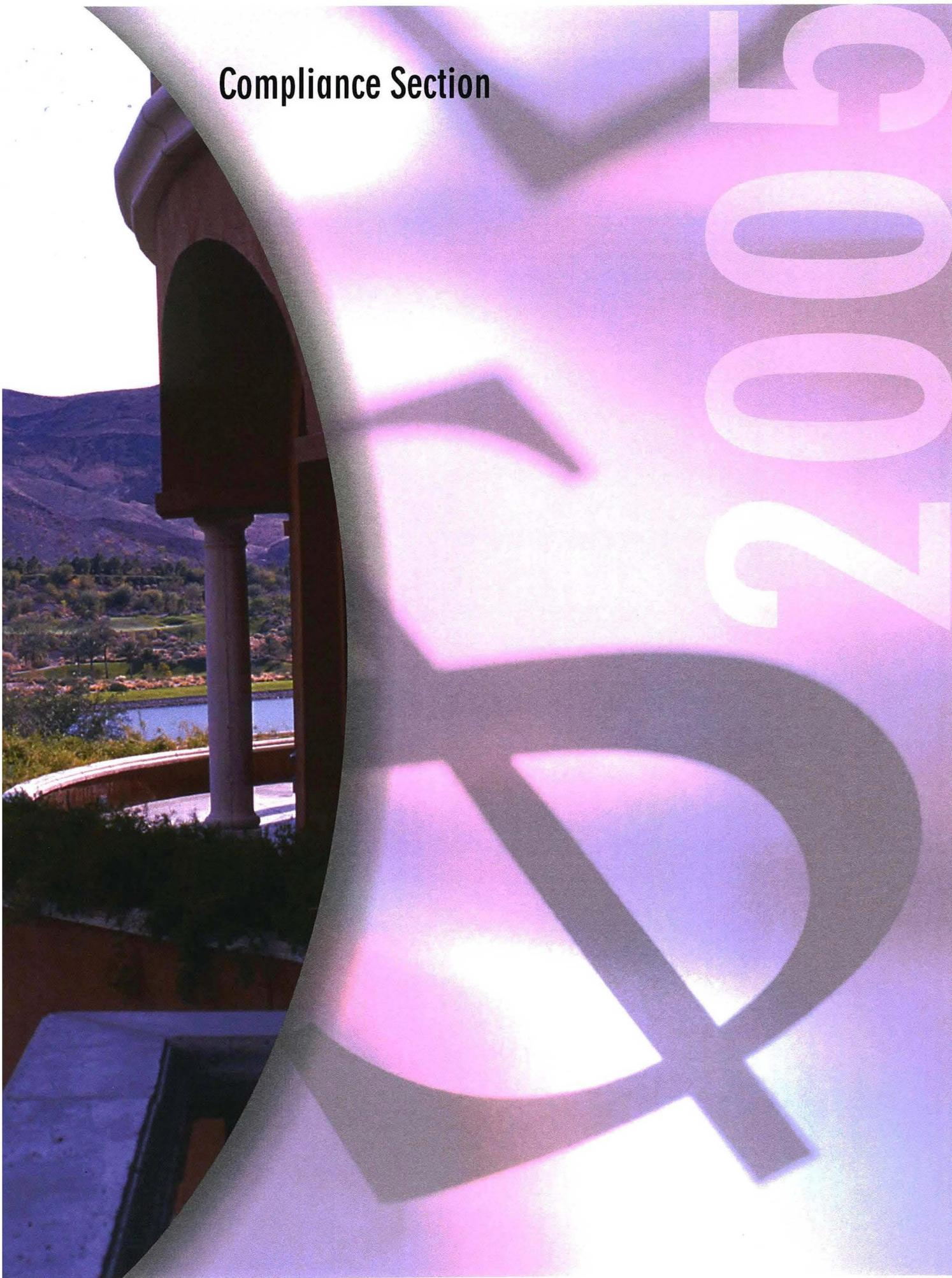


**Compliance Section**



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# Bartig, Basler & Ray

A Professional Corporation

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Certified Public Accountants and Management Consultants

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Frank V. Trythall  
Brad W. Constantine  
Bruce W. Stephenson  
Roseanne M. Lopez  
Jason J. Cardinet  
Tyler K. Hunt

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Curtis A. Orgill  
M. Elba Zuniga

## **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***

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

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 of Henderson, Nevada, as of and for the year ended June 30, 2005, which collectively comprise the City of Henderson, Nevada's basic financial statements and have issued our report thereon dated October 6, 2005. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Henderson, Nevada's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Henderson, Nevada in a separate letter dated October 6, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson Nevada'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*.

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

BARTIG, BASLER & RAY, CPAs, INC.

*Bartig, Basler & Ray, CPAs, Inc.*

Roseville, California

October 6, 2005

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# Bartig, Basler & Ray

A Professional Corporation

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Certified Public Accountants and Management Consultants

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Frank V. Trythall  
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M. Elba Zuniga

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the City of Henderson, Nevada, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Henderson, Nevada's major federal 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, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Henderson, Nevada's management. Our responsibility is to express an opinion on the City of Henderson, Nevada's compliance based on our audit.

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 of Henderson, Nevada'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 of Henderson, Nevada's compliance with those requirements.

In our opinion, the City of Henderson, Nevada complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City of Henderson, Nevada is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Henderson, Nevada's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses. However, we noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated October 6, 2005.

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

BARTIG, BASLER & RAY, CPAs, INC.

*Bartig, Basler & Ray, CPAs, Inc.*

Roseville, California

October 6, 2005

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Forest Service</i>			
Passed through State of Nevada, Department of Conservation and Natural Resources, Nevada Division of Forestry:			
Cooperative Forestry			
Arbor Day 2005	10.664	USDA/UF/FFY04/#06	\$ 3,022
<i>Food and Nutrition Service</i>			
Passed through State of Nevada Department of Education:			
<i>Children Nutrition Cluster:</i>			
Special Milk Program for Children			
Safekey Milk Program	10.556	--	79,030
Summer Food Service Program for Children			
Summer Magic Program	10.559	--	7,007
Total Children Nutrition Cluster - \$86,037			
Total U.S. Department of Agriculture			\$ 89,059
<u>U.S. Department of Housing and Urban Development</u>			
<i>Community Planning and Development</i>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants			
Entitlement Funds	14.218 *	--	478,383
Program Income	14.218 *	--	32,470
Amount Provided to Subrecipients	14.218 *	--	715,467
Total Community Development Block Grants/Entitlement Grants			1,226,320
Community Development Block Grants/ Economic Development Initiative:			
Project Grants	14.246	--	14,000
HOME Investment Partnerships Program			
HOME Grant - Projects	14.239 *	--	490,865
HOME Grant - Administration	14.239 *	--	45,938
Program Income	14.239 *	--	127,865
Total HOME Investment Partnerships Program			664,668
Total Direct			1,904,988

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development (continued)</u>			
<i>Community Planning and Development</i>			
Passed through State of Nevada, Department of Commerce:			
HOME Investment Partnerships Program			
Program Income	14.239 *	--	\$ 213,225
Total HOME Investment Partnerships Program - \$877,893			
 <i>Housing</i>			
Passed through from the Housing Authority of Clark County, State of Nevada:			
Federally Assisted Low-Income Housing Drug Elimination			
Community Policing Grant	14.193	--	12,234
Total U.S. Department of Housing and Urban Development			\$ 2,130,447
 <u>U.S. Department of the Interior</u>			
<i>National Park Service</i>			
Passed through State of Nevada:			
Historic Preservation Fund Grants-in-Aid			
Historic Preservation Fund	15.904	32-02-17558(4)	17,100
 <i>Bureau of Reclamation</i>			
Golda Trailhead Phase II	15.BBA	03FG300036	1,004
 Water Conservation Plan			
Jr. Water Watchers	15.BCD	04FG300016	6,882
Bureau of Reclamation Turf Conversion	15.BCD	04FG300017	52,578
Total Water Conservation Plan			59,460
 <i>Bureau of Land Management</i>			
Southern Nevada Public Land Management Act			
Open Space Plan	15.227	NAA010005 NAF04HN05	158,334
Wetlands Trail Connection Project	15.227	NAA010005 NAF04HN02	65,870
Boulder Highway Trail	15.227	NAA010005 NAF04HN04	53,646
St. Rose Parkway Trail Phase I	15.227	NAA010005 NAF04HN03	70,444
Union Pacific Railroad Trail	15.227	NAA010005 NAF04HN06	185,759
Whitney Mesa Preserve	15.227	NAA010005 NAF04HN07	12,434
Amargosa Trail	15.227	NAA010005 NAF04HN08	41,676
Pittman Wash Trail	15.227	NAA010005 NAF04HN10	33,799
Burkholder Trail	15.227	NAA010005 NAF04HN09	32,670
Cactus Wren Trail	15.227	NAA010005 NAF04HN11	1,255
Total Southern Nevada Public Land Management Act			655,887
Total U.S. Department of the Interior			\$ 733,451

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
<i>Office of Justice Programs-Bureau of Justice Assistance</i>			
Direct:			
Local Law Enforcement Block Grant	16.592	2002-LB-BX-1487	\$ 4,222
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0661	20,073
Local Law Enforcement Block Grant	16.592	2004-LB-BX00299	29,558
Total Local Law Enforcement Block Grant			53,853
 Bulletproof Vest Partnership Program	 16.607	 --	 6,825
 <i>Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants			
COPS Universal Hiring Award	16.710	2001-UM-WX-0194	21,046
COPS Methamphetamine Grant	16.710	2002-CK-WK-0311	41,910
COPS Methamphetamine Grant 2004	16.710	2004-CK-WX-0029	165,224
Total Public Safety Partnership and Community Policing Grants			228,180
Total Direct			288,858
 <i>Office of Justice Programs-Bureau of Justice Assistance</i>			
Passed through State of Nevada, Department of Public Safety, Office of Criminal Justice Assistance:			
Byrne Formula Grant Program	16.579	--	16,049
 <i>Office of Juvenile Justice and Delinquency Prevention</i>			
Passed through State of Nevada Juvenile Justice Commission:			
Juvenile Justice and Delinquency Prevention: Allocation to States			
Juvenile Justice and Delinquency Prevention Grant	16.540	--	23,489
Total U.S. Department of Justice			\$ 328,396
 <u>U.S. Department of Transportation</u>			
<i>National Highway Traffic Safety Administration</i>			
Passed through State of Nevada, Department of Motor Vehicles and Public Safety - Office of Traffic Safety:			
State and Community Highway Safety			
Joining Forces	20.600	--	12,550
Every 15 Minutes	20.600	--	7,857
Total State and Community Highway Safety			20,407
 Passed through State of Nevada, Department of Transportation:			
<i>U.S. Federal Highway Administration</i>			
Highway Planning and Construction			
Enhancement Project	20.205	PR794-03-063	1,170

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u> (continued)			
Passed through State of Nevada, Department of Transportation:			
<i>U.S. Federal Highway Administration</i>			
Recreational Trails Program			
Boulder Highway Trail Water-Basic, Basic-Major	20.219 *	--	\$ 322,164
Passed through State of Nevada, Division of State Parks, Department of Conservation and Natural Resources:			
Boulder Highway Trail Water-Basic, Basic-Major	20.219 *	--	56,985
Total Recreational Trails Program			<u>379,149</u>
Total U.S. Department of Transportation			<u>\$ 400,726</u>
<u>U.S. Department of Energy</u>			
<i>Office of Energy Efficiency and Renewable Energy</i>			
Passed through State of Nevada Housing Division			
Weatherization Assistance for Low-Income Persons	81.042	--	56,210
Total U.S. Department of Energy			<u>\$ 56,210</u>
<u>U.S. Department of Education</u>			
<i>Office of Assistant Secretary for Special Education and Rehabilitative Services</i>			
Rehabilitation Services Demonstration and Training Programs	84.235	--	124,621
Total U.S. Department of Education			<u>\$ 124,621</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Administration on Aging</i>			
Passed through State of Nevada, Division of Aging Services:			
<i>Aging Cluster:</i>			
Special Programs for the Aging: Title III, Part C: Nutrition Services			
Senior Nutrition Grant	93.045 *	--	59,344
Senior Nutrition Grant 2005	93.045 *	--	170,105
Total Special Programs for the Aging: Title III, Part C: Nutrition Services			<u>229,449</u>
Nutrition Services Incentive			
Black Mountain Senior Nutrition	93.053 *	--	12,750
Total Aging Cluster - \$242,199			
Total U.S. Department of Health and Human Services			<u>\$ 242,199</u>

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Department of Homeland Security</u>			
Direct:			
Assistance to Firefighters Grant:			
Fire Operations and Firefighter Safety	97.044	EMW-2003-FG-05265	\$ 13,298
Assistance to Firefighters Grant	97.044	EMW-2004-FG-09115	87,000
Total Assistance to Firefighters Grant			<u>100,298</u>
Passed through Clark County, Nevada - Administrative Services			
Department, Office of Emergency Management:			
Emergency Management Performance Grants			
Emergency Management Performance Grant - Supplemental 02	97.042	--	15,000
Passed through the State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management:			
Emergency Management Performance Grants			
Fire Department	97.042	--	75,283
Total Emergency Management Performance Grants			<u>90,283</u>
<u>Department of Homeland Security (continued)</u>			
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management:			
State Domestic Preparedness Equipment Support Program			
ODP Phase 1 Program	97.004 *	--	105,726
ODP/04 Law Enforcement Terrorism Prevention	97.004 *	--	241,995
Passed through Clark County, Nevada, Office of Emergency Management:			
Homeland Security Grant - Phase II	97.004 *	--	712,705
Total State Domestic Preparedness Equipment Support Program			<u>1,060,426</u>
Passed through State of Nevada, Department of Public Safety, Safety, Division of Emergency Management:			
State Homeland Security Program (SHSP)			
SHSP Law Enforcement	97.073	DHS 2004 SHSP	1,763
Passed through Clark County, Nevada - Office of Emergency Management:			
Urban Areas Security Initiative	97.008	DHS 2004 UASI	50,964
Total Department of Homeland Security			<u>\$ 1,303,734</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,408,843</u></u>

\* Major Program

**CITY OF HENDERSON, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Henderson. The City of Henderson's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the Multipurpose Special Revenue Fund.

Note 4: **Loans with Continuing Compliance Requirement**

The value of loans of federal monies outstanding at the end of the year was as follows:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.228	Community Development Block Grant	\$ 283,306
14.239	HOME Investment Partnerships Program: Multifamily Family Development Project Loans (subject to forgiveness provision after 50 years)	2,383,614
	First Time Home Buyer and Rehabilitation Loans	1,538,267

**CITY OF HENDERSON, NEVADA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

Note 5: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards the City of Henderson provided federal awards to subrecipients as follows:

14.218	Adelson Hospice & Adult Day Care	\$	220,150
14.218	Blind Center of Nevada		8,000
14.218	Boys & Girls Club		25,000
14.218	Classroom on Wheels		20,000
14.218	Friends of Channel 10		3,197
14.218	Giving Life Ministries		29,000
14.218	Henderson Allied Community Advocates		30,000
14.218	Nevada Fair Housing		250
14.218	Nevada Hand		142,174
14.218	Opportunity Village		143,553
14.218	Police Athletic League		10,000
14.218	Rebuild Together w Christmas in April		33,143
14.218	Safe House		15,000
14.218	Shade Tree		19,000
14.218	St. Rose Health		8,001
14.218	Women's Development Center		<u>9,000</u>
		\$	<u>715,467</u>

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

**Section 1**

Financial Statements

Summary of Auditor's Results

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:   | Unqualified   |
| 2. Internal controls over financial reporting:                                |               |
| a. Material weaknesses identified?  | No            |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                      | No            |

Federal Awards

- |   |               |
|---|---------------|
| 1. Internal control over major programs:  |               |
| a. Material weaknesses identified?  | No            |
| b. Reportable conditions identified not considered to be material weaknesses?   | None Reported |
| 2. Type of auditor's report issued on compliance for major programs:  | Unqualified   |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No            |
| 4. Identification of major programs:  |               |

CFDA Number

Name of Federal Program

14.218	Community Development Block Grants – Entitlement Grants
14.239	HOME Investment Partnerships Program
20.219	Boulder Highway Trail Water-Basic, Basic-Major
93.045 & 93.053	<i>Aging Cluster</i> Senior Nutrition Grant Black Mountain Senior Nutrition
97.004	Homeland Security Grant - Phase II, ODP Phase 1 Program, ODP/04 Law Enforcement Terrorism Prevention

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

**Section 1 (continued)**

Financial Statements

Summary of Auditor's Results

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No         |

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Award Findings and Questioned Costs

None Reported.

**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2005

Audit Reference Number	Status of Prior Year Audit Findings
<b>Finding 04-1:</b>	
Department of Housing & Urban Development CFDA 14.218	Corrected this year.
<b>Finding 04-2:</b>	
Department of Housing & Urban Development CFDA 14.218 & 14.239	Corrected this year.
<b>Finding 04-3:</b>	
Department of Housing & Urban Development CFDA 14.218	Corrected this year.
Department of Health and Human Services CFDA 93.044, 93.045 & 93.053	
<b>Finding 04-4:</b>	Partially corrected.
Department of Health and Human Services CFDA 93.044, 93.045 & 93.053 (Aging Cluster)	CFDA 93.044, 93.045 & 93.053: Corrected. Section J of Part 3 of the Compliance Supplement states that program income must be deducted from program outlays unless specified in the federal awarding agency regulations or the award. The Aging Cluster program comes under the exception to the general rule. 42 USC 3030c-2(b) provides that program income (voluntary contributions the City receives for participant meals) must be used to expand the senior meals program. The City used program income to expand the senior meals program and, therefore, did not violate these requirements.
Department of Housing & Urban Development CFDA 14.239	CFDA 14.239: Not corrected. The City was subject to unique circumstances involving program income during the current fiscal year. The City was formerly a non-entitlement

**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2005

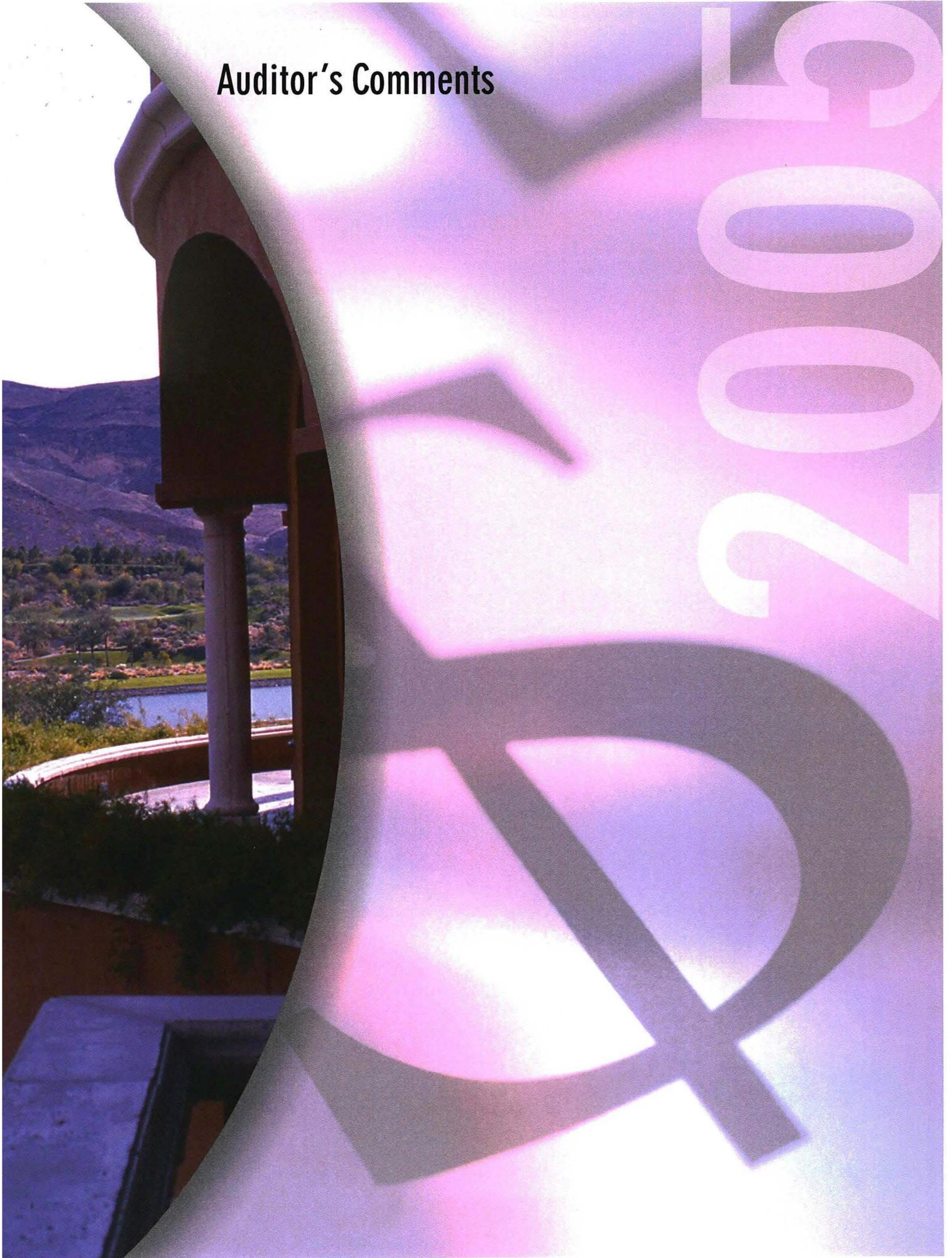
Audit Reference Number	Status of Prior Year Audit Findings
<b>Finding 04-4 (continued):</b>	<p>jurisdiction. The City became an entitlement jurisdiction during the fiscal year ended June 30, 2004.</p> <p>When the City first became an entitlement jurisdiction, it treated program income received under the entitlement and non entitlement programs as if the two programs were one. However, the City was later notified by a federal HUD representative that program income should be treated separately for the former non-entitlement and the current entitlement programs. Thereafter, the City treated program income separately. Program income received under the non entitlement program was retained by the City, while federal funds were drawn down to fund entitlement-program projects.</p> <p>During this period of time, the City made two draws under the non-entitlement program: (1) a draw of \$100,000 was made on or about November 4, 2004; (2) a draw for \$50,000 was made on or about January 18, 2005. At the time November 4, 2004 draw was made, the accounting records show that the following non-entitlement program income was available: \$83,555.</p> <p><u>Management Response</u></p> <p>The City fully understands the regulation regarding Program Income and Entitlement/Non-entitlement draws. As demonstrated the City was activity drawing program income during year 04-05 until February of 05 when we began drawing Entitlement funds. Any Non-entitlement draws that were made prior to all Program Income being expended was done in error. The City has taken further steps to prevent this from happening in the future by making a staff change and implementing additional procedures.</p> <p>Contact Person: Doug Kuntz</p>

**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2005

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
<b>Finding 04-5:</b>	
Department of Housing & Urban Development CFDA 14.239	Corrected this year.
<b>Finding 04-6:</b>	
Department of Housing & Urban Development CFDA 14.239	Corrected this year.

# Auditor's Comments



## AUDITOR'S COMMENTS

### STATUTE COMPLIANCE

The required disclosure on compliance with the Nevada Revised Statutes and Nevada Administrative Code is contained in Note 3 to the financial statements.

### PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The following action was taking during 2004-05 relating to the potential violations as reported in the June 30, 2004 audit report:

- During the current year, efforts were made to monitor all expenditures and expenses. However, the City was unable to avoid all potential violations.

### PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2005.

### CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report. However, our audit activity did identify recommendations to improve procedures and accountability that have been included in our current management letter.

#### 354.6115

- The financial statements of the Financial Stabilization Special Revenue Fund are located in this report.
- As noted above, compliance with Nevada Revised Statutes is contained in Note 3 to the financial statements.

#### 354.598155

- The Special Ad Valorem Transportation Capital Projects Fund expended the following amounts during the year ended June 30, 2005:

Public Works – Service and supplies	\$ 110,424
Public Works – Capital outlay	<u>221,584</u>
	<u>\$ 332,008</u>

**THE CITY OF HENDERSON, NEVADA**  
**SCHEDULE OF FEES IMPOSED SUBJECT TO THE**  
**PROVISIONS OF NRS 354.5989**  
**LIMITATION OF FEES FOR BUSINESS LICENSES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2004 (Base Year)	\$ 1,744,112
--	--------------

Adjustment to Base:

1. Percentage increase in population of the local government	3.66%	
2. Percentage increase in the Consumer Price Index for the year ending on December 31, next preceding the year for which the limit is being calculated	<u>3.30%</u>	
	6.96%	<u>121,390</u>
Adjusted Based at June 30, 2005		1,865,502
Actual Revenue		<u>1,883,669</u>
Amount over Allowable Amount		<u>\$ 18,167</u>

Fees Calculated as a Percentage of Gross Revenue:

Business license revenue for the year ended June 30, 2004		\$ 9,335,910
1. Percentage increase in the Consumer Price Index	3.30%	<u>308,085</u>
Adjusted Base at June 30 ,2005		9,643,995
Actual Revenue		<u>10,223,810</u>
Amount over Allowable Amount		<u>\$ 579,815</u>

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Curtis A. Orgill  
M. Elba Zuniga

## INDEPENDENT ACCOUNTANT'S REPORT ON NEVADA REVISED STATUTE 354.6241

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

We have reviewed the assertion provided by management in accordance with Nevada Revised Statute 354.624 (5)(a):

- The identified funds are being used expressly for the purpose for which they were created,
- The funds are administered in accordance with accounting principles generally accepted in the United States of America,
- The reserved fund balances/net assets in the funds were reasonable and necessary to carry out the purposes of the funds at June 30, 2005 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau),
- The sources of revenue, including transfers, available for the funds are as noted in the financial statements,
- The funds conform to significant statutory and regulatory constraints on its financial administration during the year ended June 30, 2005 (except as previously noted under statute compliance),
- The balance and net assets of the funds are as noted in the financial statements.

This assertion is the responsibility of the management of the City of Henderson, Nevada.

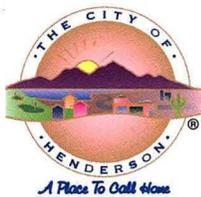
Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the assertion provided by management referred to above is not fairly stated in all material respects.

BARTIG, BASLER & RAY, CPAs, INC.

*Bartig, Basler + Ray, CPAs, Inc.*

October 6, 2005  
Roseville, California



**James B. Gibson**  
Mayor

**Jack K. Clark**  
Councilman

**Amanda M. Cyphers**  
Councilman

**Andy A. Hafen**  
Councilman

**Steven D. Kirk**  
Councilman

**Philip D. Speight**  
City Manager

**Steven Hanson**  
Finance Director