



# 2019

## Comprehensive Annual Financial Report

City of Henderson, Nevada | For Fiscal Year Ended June 30, 2019

### COMPLIANCE SECTION



**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**

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 (the City) as of and for the year ended June 30, 2019, 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 31, 2019.

**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; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019 - 001 that we consider to be a significant deficiency.

**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.*

**The City's Response to Findings.** The City's response to the findings 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.

We noted certain matters that we reported to the City in a separate letter dated October 31, 2019.

**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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, reading "Pieray Bonet Taylor". The signature is written in a cursive style with a large initial "P".

Las Vegas, Nevada  
October 31, 2019

**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**

Members of the City Council  
City of Henderson, Nevada

We have audited the compliance of the City of Henderson (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, 2019. 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, 2019.

**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; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019 - 002 that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit are 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 compliance and, accordingly, we express no opinion on the response.

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 31, 2019, 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 31, 2019

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# CITY OF HENDERSON, NEVADA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipients	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				
Safekey Milk Grant 2019	10.556	M-102375-10		17,101
Total Child Nutrition Cluster				17,101
Total U.S. Department of Agriculture				17,101
<b><u>U.S. Department of Housing and Urban Development</u></b>				
CDBG - Entitlement Grants Cluster				
<i>Direct program</i>				
Community Development Block Grants/Entitlement Grants				
Community Development Block Grants - Other	14.218			434,027
Community Development Block Grants - Subrecipient	14.218		380,553	
Community Development Block Grants - Loans outstanding balance at June 30, 2018	14.218			291,870
Program Income - CDBG Funds	14.218			3,213
				380,553
				729,110
<i>Passed through State of Nevada Housing Division</i>				
Neighborhood Stabilization Program - Loans outstanding balance at June 30, 2018	14.218	NV-001-HE2		12,500
Total CDBG - Entitlement Grants Cluster				380,553
				741,610
<i>Direct program</i>				
Home Investment Partnerships Program				
Home Grants - Other	14.239*			86,997
Home Grants - Fiscal Year 2019 Loans	14.239*			102,319
Home Grants - Loans outstanding balance at June 30, 2018	14.239*			3,009,058
Program Income - Home Funds	14.239*			8,301
				3,206,675
<i>Passed through State of Nevada Housing Division</i>				
Home Grants - Fiscal Year 2019 Loans	14.239*	Agreement		374,527
Home Grants - Loans outstanding balance at June 30, 2018	14.239*	Agreement		2,988,259
				3,362,786
				6,569,461
Total U.S. Department of Housing and Urban Development				380,553
				7,311,071
<b><u>U.S. Department of the Interior</u></b>				
<i>Direct program</i>				
Southern Nevada Public Land Management				
SNPLMA UPRR Trail Projects	15.235			592,840
Total U.S. Department of the Interior				592,840

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<b><u>U.S. Department of Justice</u></b>				
<i>Direct program</i>				
DEA-Cannabis 2018	16.U01			5,525
DEA-Cannabis 2019	16.U01			4,263
				9,788
<i>Passed through Las Vegas Metropolitan Police Department</i>				
Missing Children's Assistance				
Internet Crimes Against Children 2017	16.543	Interlocal Agreement		20,752
<i>Direct program</i>				
Drug Court Discretionary Grant Program				
A.B.C. Court	16.585			22,267
<i>Passed through State of Nevada Office of the Attorney General</i>				
Violence Against Women Formula Grants				
VAWA 2018	16.588	2018-VAWA-01		44,841
<i>Direct program</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
Local JAG 2017	16.738			30,029
<i>Passed through State of Nevada Department of Public Safety</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
State JAG 2018	16.738	18-JAG-07		21,726
				51,755
<i>Direct program</i>				
Edward Byrne Memorial Competitive Grant Program				
SMART 2014	16.751			83,950
<i>Passed through State of Nevada Office of the Attorney General</i>				
National Sexual Assault Kit Initiative				
Sexual Assault Kit Initiative 2015	16.833	2015-SAKI-02		5,959
<i>Direct program</i>				
Equitable Sharing Program				
	16.922			30,875
Total U.S. Department of Justice				270,187
<b><u>U.S. Department of Transportation</u></b>				
Highway Planning and Construction Cluster				
<i>Passed through State of Nevada Department of Transportation</i>				
Highway Planning and Construction				
NDOT I-515 Sunset Intrchg Landscape	20.205*	P222-10-063		32,259
NDOT I-215 Regional Trail	20.205*	P057-16-063		792,838
NDOT Pedestrian Flashers	20.205*	P060-16-063		(341)
NDOT Electric Vehicles	20.205*	P483-16-063		98,665

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<b><u>U.S. Department of Transportation (Continued)</u></b>				
NDOT I-215 Trail Bridges	20.205*	P484-16-063		184,023
NDOT Boulder Hwy Trail	20.205*	PR177-13-063		(433)
NDOT Pueblo Trail	20.205*	PR285-14-063		(182)
NDOT St. Rose @ Gilespie	20.205*	PR288-14-063		39,856
NDOT College Trail Connector Project	20.205*	P076-16-063		6,809
NDOT Brazos 2017	20.205*	PR070-17-816		211,950
NDOT Pueblo Trail Extension	20.205*	P632-17-063		21,892
				1,387,336
<i>Passed through State of Nevada Division of State Parks</i>				
Recreational Trails Program				
Henderson Trail Locators	20.219*	2016-14		9,914
Whitney Mesa Trail Maintenance	20.219*	2017-16		84,283
				94,197
Total Highway Planning and Construction Cluster				1,481,533
<i>Direct program</i>				
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements				
Commercial Enforcement 2017	20.237			154,470
<i>Highway Safety Cluster</i>				
<i>Passed through State of Nevada Department of Public Safety</i>				
State and Community Highway Safety				
Joining Forces 2018	20.600	JF-2018-HPD-00061		25,697
Joining Forces 2019	20.600	JF-2019-HPD-00035		106,736
				132,433
<i>Passed through State of Nevada Department of Public Safety</i>				
National Priority Safety Programs				
Joining Forces 2018	20.616	JF-2018-HPD-00061		9,459
Joining Forces 2019	20.616	JF-2019-HPD-00035		38,441
				47,900
Total Highway Safety Cluster				180,333
Total U.S. Department of Transportation				1,816,336
<b><u>U.S. Department of the Treasury</u></b>				
<i>Direct program</i>				
Equitable Sharing	21.016			298,207
Total U.S. Department of the Treasury				298,207
<b><u>U.S. Environmental Protection Agency</u></b>				
<i>Direct program</i>				
Brownfields Assessment and Cleanup Cooperative Agreements				
Brownfields Assessment Grant	66.818			125,395
Total U.S. Environmental Protection Agency				125,395

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipients	Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>				
Aging Cluster				
<i>Passed through State of Nevada Department of Health and Human Services</i>				
Special Programs for the Aging, Title III, Part C, Nutrition Services				
Senior Nutrition Congregate 2018	93.045	03-031-07-1X-18		43,525
Senior Nutrition Congregate 2019	93.045	03-031-07-1X-19		140,219
Senior Nutrition Homebound 2018	93.045	03-031-04-2H-18		100,025
Senior Nutrition Homebound 2019	93.045	03-031-04-2H-19		185,761
Program Income - Senior Nutrition	93.045			<u>117,020</u>
				586,550
 <i>Passed through State of Nevada Department of Health and Human Services</i>				
Nutrition Services Incentive Program				
Senior Nutrition 2019	93.053	03-031-57-NX-19		<u>145,432</u>
 Total Aging Cluster				 <u><u>731,982</u></u>
 <i>Direct program</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
A. B. C. Court	93.243			<u>41,761</u>
 <i>Passed through Southern Nevada Health District</i>				
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds				
SNHD Reach Grant	93.738	C1900051		<u>535</u>
 Total U.S. Department of Health and Human Services				 <u><u>774,278</u></u>
 <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 Grants FFY16 - Equipment	97.042	9704216		5,702
Emergency Management Performance Grants FFY18	97.042	9704218		88,508
Emergency Management Performance Grants FFY19	97.042	9704219		<u>65,483</u>
				159,693
 <i>Passed through State of Nevada Department of Public Safety</i>				
Homeland Security Grant Program				
HSGP FFY18	97.067	97067.18-3100		<u>220,656</u>
 Total U.S. Department of Homeland Security				 <u><u>380,349</u></u>
 Total expenditures of federal awards			 <u>\$ 380,553</u>	 <u>11,585,764</u>

# CITY OF HENDERSON, NEVADA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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### 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, 2019. 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 net 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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule 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 in the federal expenditures presented in the Schedule.

At June 30, 2019, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.218	Community Development Block Grants/Entitlement Grants	\$ 210,700
14.239	Home Investment Partnerships Program	6,350,647
		<u>\$ 6,561,347</u>

**CITY OF HENDERSON, NEVADA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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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	Yes
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	Yes
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)	No
Identification of major programs	
CFDA number	14.239
Name of federal program or cluster	Home Investment Partnerships Program
CFDA number	20.205, 20.219
Name of federal program or cluster	Highway Planning and Construction Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

(Continued)

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

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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***

2019 - 001

Criteria or specific requirement	Policies and procedures are in place and operating effectively to provide reasonable assurance that utilities fee revenue in the Water and Sewer enterprise funds is recorded in the period during which the revenue has been earned.
Condition and context	The report used to determine unbilled utilities accounts receivable at year end was inaccurate, which caused revenue and receivables to be overstated. The inaccuracy was not detected as part of the year-end closing process to review journal entries to record receivables.
Effect	In the City's Water and Sewer enterprise funds, revenue and receivables were overstated by approximately \$1,500,000 and \$600,000, respectively.
Cause	The internal controls designed to provide reasonable assurance that utility fee revenue is reported accurately did not function as intended. Specifically, the review of the year-end journal entry to record unbilled accounts receivable and late fees did not detect that the report parameters were inaccurate.
Recommendation	We recommend that management refine the review process for the year-end close to ensure that the entry to record unbilled utilities revenue is accurate at year-end.
Management's response	Management informed us that the Accounting Manager will include, as part of the unbilled revenue review process, a specific examination of the database and perform a year over year comparison in search for irregularities.

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# CITY OF HENDERSON, NEVADA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

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

2019 - 002	
Federal program	Home Grants (CFDA #14.239)
Criteria or specific requirement	<p><b>§200.502 Loan and loan guarantees (loans).</b> Since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section:</p> <p>(1) Value of new loans made or received during the audit period; plus (2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus (3) Any interest subsidy, cash, or administrative cost allowance received.</p>
Condition and context	During the current year audit, management informed us that the beginning balance of loans identified on the schedule of expenditures of federal awards (SEFA) was understated.
A statistically valid sample was used	No
Questioned costs	None
Effect	The beginning balance of notes receivable reported in the SEFA for the year ended June 30, 2019 did not agree to the ending notes receivable balance reported in the notes to the SEFA for the year ended June 30, 2018 by \$46,853.
Cause	Inadequate controls in place to ensure the loan balance schedule used for preparation of the SEFA is complete and notes receivable are reflected on the schedule in a timely manner.
Repeat finding	Yes
Recommendation	The total loan balance should be more closely monitored to ensure proper reporting on the City's SEFA.
Management's response	Management informed us that finance will complete additional reconciliation procedures of the loan activity to notes receivable schedules and agree those to SEFA reporting and disclosure. A unique general ledger account number for loan activity has been established to ensure that costs are no longer commingled with other non-loan related expenditures, and that they are reported properly. Finance and Neighborhood Services will also be conducting annual audits of open loan files to verify that loan balances, project numbers and other information are correct and in agreement with the loan portfolio.

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

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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***

2018 - 001

Criteria or specific requirement

Policies and procedures are in place and operating effectively to provide reasonable assurance that license and permit revenue in the Development Services enterprise fund is recorded in the period during which the revenue has been earned.

Condition and context

The report used to determine whether license and permit revenue should be recognized or deferred at year end was inaccurate, which caused unearned revenue to be overstated and revenue to be understated. The inaccuracy was not detected as part of the year-end closing process in which the journal entry is recorded to record unearned revenue.

Current status

Corrected

Reason this finding is no longer valid or does not warrant further action

The City created a script to capture all inaccuracies in the converted data. In addition, they created a one time script in the system to identify all permits that should be recognized as revenue and automatically update appropriate fields. Lastly, they created a system report to identify all permits for which revenue should be recognized.

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# CITY OF HENDERSON, NEVADA

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

FOR THE YEAR ENDED JUNE 30, 2018

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

2018 - 002

Federal program

Home Grants (CFDA #14.239)

Criteria or specific requirement

§200.502 Loan and loan guarantees (loans). Since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section:

- (1) Value of new loans made or received during the audit period; plus
- (2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus
- (3) Any interest subsidy, cash, or administrative cost allowance received.

Condition and context

During the current year audit, management informed us that the beginning balance identified on the SEFA was understated.

Current status

Uncorrected.

Planned corrective action

See 2019-002.

# CITY OF HENDERSON, NEVADA

## SCHEDULE OF BUSINESS LICENSE FEES

### FOR THE YEAR ENDED JUNE 30, 2019

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, 2019	\$	4,977,874
Business license revenue for the year ended June 30, 2018 (base year)	\$	4,729,600
Adjustment to base year		
Percentage change in Consumer Price Index		<u>1.91 %</u>
Total adjustment to base year		<u>90,335</u>
Adjusted business license revenue base for the year ended June 30, 2019		<u>4,819,935</u>
Amount over allowable maximum	\$	<u><u>157,939</u></u>

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

Business license revenue for the year ended June 30, 2019	\$	2,703,719
Business license revenue for the year ended June 30, 2018 (base year)	\$	2,576,576
Adjustment to base year		
Percentage change in local government population		2.39 %
Percentage change in Consumer Price Index		<u>1.91 %</u>
Total adjustment to base year		<u>4.30 %</u>
Adjusted business license revenue base for the year ended June 30, 2019		<u>110,793</u>
Amount over allowable maximum	\$	<u><u>16,350</u></u>



**Debra March**

Mayor

**John F. Marz**

Councilman

**Michelle Romero**

Councilwoman

**Dan K. Shaw**

Councilman

**Dan H. Stewart**

Councilman

**Richard A. Derrick**

City Manager/CEO

**Bristol S. Ellington**

Deputy City Manager/  
Chief Operating Officer

**Stephanie Garcia-Vause**

Assistant City Manager/  
Chief Strategy Officer

**Robert Herr**

Assistant City Manager/  
Chief Infrastructure Officer

**Jim McIntosh**

Chief Financial Officer

**CITY OF HENDERSON**

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