



**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, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2008. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Internal Control Over Financial Reporting (continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Henderson'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, others within the entity, the City Council, and 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.

GALLINA LLP

A handwritten signature in cursive script that reads "Gallina LLP". The signature is written in black ink and is positioned to the right of the printed name "GALLINA LLP".

Roseville, California  
October 30, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON 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, 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, 2008. The City of Henderson'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, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Henderson's management. Our responsibility is to express an opinion on the City of Henderson'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'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's compliance with those requirements.

In our opinion, the City of Henderson 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, 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 08-SA-1, 08-SA-2, and 08-SA-3.

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

### Internal Control Over Compliance

The management of the City of Henderson is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Henderson's internal control over compliance with the 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, 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 of Henderson's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control* deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant* deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-SA-1, 08-SA-2, and 08-SA-3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-SA-1 to be a material weakness.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City's response and, accordingly, we express no opinion on it.

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

This report is intended solely for the information and use of management, others within the entity, the City Council, and 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.

GALLINA LLP

*Gallina LLP*

Roseville, California  
October 30, 2008

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

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>Food and Nutrition Service</i>				
Passed through State of Nevada Department of Education:				
<i>Child Nutrition Cluster:</i>				
Child and Adult Care Food Program				
Safekey Snack Program 06-07	10.558	--	\$ 28,708	
Total U.S. Department of Agriculture			\$ 28,708	
<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*	--	402,986	
Program Income	14.218*	--	9,183	
Amount Provided to Subrecipients	14.218*	--	716,714	
Total Community Development Block Grants/Entitlement Grants			1,128,883	
Community Development Block Grants/ Economic Development Initiative				
Project Grants	14.246	--	3,973	
HOME Investment Partnerships Program				
HOME Grant - Program Income/Projects	14.239	--	619,017	
HOME Grant - Administration	14.239	--	58,429	
Total HOME Investment Partnerships Program			677,446	
Total Direct			1,810,302	
Passed through State of Nevada, Housing Division:				
HOME Investment Partnerships Program				
Program Income/Projects	14.239	--	134,807	
Total U.S. Department of Housing and Urban Development			\$ 1,945,109	
<u>U.S. Department of the Interior</u>				
<i>Bureau of Land Management</i>				
Southern Nevada Public Land Management Act				
St. Rose Parkway Trail Phase 1	15.227*	NAA010005	NAF04HN03	26,022
Boulder Highway Trail	15.227*	NAA010005	NAF04HN04	3,681
Union Pacific Railroad Trail	15.227*	NAA010005	NAF04HN06	1,863
Whitney Mesa Preserve	15.227*	NAA010005	NAF04HN07	77,077
Amargosa Trail	15.227*	NAA010005	NAF04HN08	208,222
Pittman Wash Trail	15.227*	NAA010005	NAF04HN10	146,473

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of the Interior</u> (continued)			
<i>Bureau of Land Management</i> (continued)			
Southern Nevada Public Land Management Act (continued)			
Burkholder Trail	15.227*	NAA010005 NAF04HN09	\$ 107,696
Cactus Wren Trail	15.227*	NAA010005 NAF04HN11	38,518
St. Rose Trail Phase 2	15.227*	NAA010005 NAF05HN15	117,916
Hidden Falls Park	15.227*	NAA010005 NAF05HN13	453,196
Amador Vista Park	15.227*	NAA010005 NAF05HN14	94,962
Heritage Recreation Area	15.227*	NAA010005 NAF05HN12	111,582
Anthem East Trails	15.227*	NAA010005 NAF05HN16	56,950
Cornerstone Lake Park	15.227*	NAA010005 NAF05HN18	140,219
River Mountain Trail 13-14	15.227*	NAA010005 NAF05HN17	248,072
Amargosa Trailheads	15.227*	NAA010005 NAF05HN19	190,967
Bird View Preserve Improvement	15.227*	NAA010005 NAF05HN24	154,929
UPRR Right of Way	15.227*	NAA010005 NAF05HN22	10,823
UPRR Phase III	15.227*	NAA010005 NAF05HN23	200,801
UPRR Phase II	15.227*	NAA010005 NAF05HN20	47,837
Mission View Park	15.227*	NAA010005 NAF05HN21	25,412
McCullough Hills Trail	15.227*	NAA010005 NAF05HN25	120,528
Arroyo Grande Project Green	15.227*	NAA010005 FAA060150	162,622
Whitney Mesa Trailhead	15.227*	NAA010005 FAA060156	107,001
Wetlands Trail Phase II	15.227*	NAA010005 FAA060158	1,627,080
Heritage Park Phase II	15.227*	NAA010005 FAA060163	804,006
Southeast Valley Acquisition	15.227*	NAA010005 FAA080033	452
Reunion Trails Park	15.227*	NAA010005 FAA060176	84,247
Downs 5/Downtown Trail	15.227*	NAA010005 FAA060173	172,643
Lake Mead Parkway Trail	15.227*	NAA010005 FAA060175	63,391
PPP Upper Pittman Wash W Henderson Drainage Corridor Feasibility	15.227*	NAA010005 FAA080013	228,623
PPP Lower Pittman Wash Corridor Feasibility Study	15.227*	NAA010005 FAA080016	6,847
PPP Black Mountain Nature Preserve	15.227*	NAA010005 FAA080012	6,544
PPP MacDonald Canyons Nature Park Study	15.227*	NAA010005 FAA080015	6,591
PPP RMLT to McCullough Hills Trail Connection & Equestrian	15.227*	NAA010005 FAA080017	6,754
PPP Nevada State College to Wetlands Corridor Feasibility Study	15.227*	NAA010005 FAA080014	6,732
McCullough Vista Park	15.227*	NAA010005 FAA080028	283
 Total U.S. Department of the Interior			\$ 5,867,562

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

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:			
Bulletproof Vest Partnership Program 2007	16.607	--	\$ 18,259
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-0915	57,968
Edward Byrne Memorial State and Local Law Enforcement, Assistance Discretionary Grant Program	16.580	2008-DD-BX-0014	3,080
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Every 15 Minutes	16.541	2006-JL-FX-0100	14,021
<i>Office of Justice Programs-National Institute of Justice</i>			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2007-CD-BX-0075	63,686
Total Direct			157,014
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Passed through State of Nevada Juvenile Justice Commission:			
Enforcing Underage Drinking Laws Program	16.727	COH-PD-2008-G0156	11,857
<i>Office on Violence Against Women</i>			
Passed through State of Nevada Office of Attorney General			
STOP Violence Against Women 2006	16.588	2006-STOP-02	27,307
STOP Violence Against Women 2007	16.588	2007-STOP-01	7,953
Violence Against Women for Direct Supervision Program	16.588	2006-WF-AX-0016	26,262
Encourage Arrest Policies - Prosecutors Best Practice	16.590	2004-GTEAP-HCA	9,573
Total U.S. Department of Justice			\$ 239,966
<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 2007	20.600	27-JF-1.07	20,459
Joining Forces Incentive 07	20.600	28-K8-18-12.3	5,000
Joining Forces 2008	20.600	28-JF-1.08	77,234
Optimizing Traffic Records	20.600	27-408TR-1.M8	37,290
Total State and Community Highway Safety			139,983
Total U.S. Department of Transportation			\$ 139,983

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<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	--	\$ 55,539
Total U.S. Department of Energy			\$ 55,539
<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	--	66,367
Total U.S. Department of Education			\$ 66,367
<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 2007	93.045*	03-031-04-2x-07, 03-031-07-1x-07	99,016
Senior Nutrition Grant 2008	93.045*	03-031-04-2x-08, 03-031-07-1x-08	197,376
Total Special Programs for the Aging: Title III, Part C: Nutrition Services			296,392
Nutrition Services Incentive			
Black Mountain Senior Nutrition 2007	93.053*	03-031-57-NX-07	36,475
<i>Administration For Children and Families</i>			
Passed through State of Nevada, Department of Business and Industry-Housing Division, Weatherization Assistance Program			
Low Income Home Energy Assistance	93.568	LIHEA/08/04	12,022
Total U.S. Department of Health and Human Services			\$ 344,889
<u>Department of Homeland Security</u>			
Passed through the State of Nevada, Department of Motor Vehicles and Public Safety, Division of Emergency Management:			
Emergency Management Performance Grants			
Fire Department 2007	97.042	9704207	19,578
Fire Department 2008	97.042	9704208	79,090
Total Emergency Management Performance Grants			98,668

\* Major Program

**CITY OF HENDERSON, NEVADA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Department of Homeland Security</u> (continued)			
Passed through State of Nevada, Department of Public Safety, Division of Emergency Management:			
State Domestic Preparedness Equipment Support Program			
LETTP 04 Ballistic Helmets	97.004	97004LL4	\$ 7,800
Total State Domestic Preparedness Equipment Support Program			<u>7,800</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 2005 SHSP	29,368
Total State Homeland Security Program			<u>29,368</u>
Law Enforcement Terrorism Prevention Program (LETTP)			
Law Enforcement Terrorism FY2005	97.074	97074LL5	133,781
Total Law Enforcement Terrorism Prevention Program			<u>133,781</u>
Total Department of Homeland Security			<u>\$ 269,617</u>
Total Expenditures of Federal Awards Excluding Loans			<u>\$ 8,957,740</u>
<u>Federal Loan Balances With a Continuing Compliance Requirement</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/States Program	14.218	--	\$ 154,113
Home Investment Partnership Program	14.239	--	<u>1,254,558</u>
Federal Loan Balances with a Continuing Compliance Requirement			<u>1,408,671</u>
Total Expenditures of Federal Awards Including Loans			<u>\$ 10,366,411</u>

## CITY OF HENDERSON, NEVADA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Henderson, except for those activities of the City of Henderson Redevelopment Agency. The City of Henderson's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. The City of Henderson Redevelopment Agency is a component unit of the City of Henderson. A separate report has been issued for the City of Henderson Redevelopment Agency.

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: **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:

<u>Federal CFDA</u>	<u>Subrecipient</u>	<u>Amount</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 1,121,837

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**Section 1**

<u>Financial Statements</u>	<u>Summary of Auditor's Results</u>
1. Type of auditor's report issued:	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies 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?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
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)?	Yes

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants/ Entitlement Grants
15.227	Southern Nevada Public Land Management Act Grants
93.044, 93.045 and 93.053	Aging Cluster

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**Section 1 (continued)**

Financial Statements

Summary of Auditor's Results

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 310,992 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes        |

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Award Findings and Questioned Costs

CFDA 14.218	Finding 08-SA-1
CFDA 15.227	Finding 08-SA-2
CFDA 93.044, 93.045 and 93.053	Finding 08-SA-3

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Finding/Program	Findings/Noncompliance
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<p><b>Finding 08-SA-1</b></p> <p>Community Development Block Grants/Entitlement Grants CFDA 14.218</p>	<p><i>Federal Grantor:</i> U.S. Department of Housing and Urban Development</p> <p><i>Pass-Through Entity:</i> None</p> <p><i>Compliance Requirement:</i> Procurement and Suspension and Debarment</p> <p><i>Reporting Requirement:</i> Material Weakness and Material Non-Compliance in Relation to a Compliance Supplement Audit Objective</p>
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<p>Award No. Various Year: 2007-2008</p>	<p><u>Criteria</u></p> <p>Procurement, suspension and debarment is one of the 14 compliance requirements included in Part 3 of the OMB Circular A-133 Compliance Supplement. On November 26, 2003, revised suspension and debarment rules were published in the Federal Register (68FR66583–66632). Under these rules, for any federally-funded transaction which equals or exceeds \$25,000 with a vendor or for transactions in any amount with a subrecipient, the non-federal entity is obligated to check to make sure that the other party to the transaction is not suspended or debarred. As well, the debarment rules provide that this requirement be imposed on, and relevant information provided to, all subrecipients of federal funds.</p>
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Condition

We inquired about the Department’s procedures regarding suspension and debarment and learned that the Department does have procedures in place to verify that large vendors are not suspended or debarred. However, we tested seven projects and noted that large vendors from four projects were used while the Department did not verify that these vendors were not suspended or debarred.

Questioned Costs

No costs are questioned.

Perspective

This requirement was neglected in 57.15% of the projects examined.

Effect of the Condition

The federal government can reject a claim for federal funds reimbursement when the underlying transaction was with a suspended or debarred individual or entity.

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Finding/Program

Findings/Noncompliance

**Finding 08-SA-1**  
(continued)

Community  
Development Block  
Grants/Entitlement  
Grants  
CFDA 14.218

Recommendation

We recommend that the Department implement procedures which require that on any federally-funded transaction, which equals or exceeds \$25,000 or for any amount with a subrecipient, that the Department conduct a review to ensure that the other party to the transaction is not suspended or debarred. Lists of suspended and debarred parties are available online from the Excluded Parties List System at <<http://www.epls.gov>>.

Award No.  
Various  
Year: 2007-2008

Corrective Action Plan

Staff has corrected the files in question by conducting an Excluded Parties List Search (EPLS) on the internet and placing verification of the search results in the sub-recipient files. Procedures are now in place to assure that all federal transactions equal to or greater than \$25,000 will be properly searched and reviewed to ensure that no future parties to these transactions are suspended or debarred.

Danielle Turner  
Grants Program Coordinator  
702- 267-2019

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Finding/Program Findings/Noncompliance

**Finding 08-SA-2** *Federal Grantor: U.S. Department of the Interior*  
*Pass-Through Entity: None*  
Southern Nevada *Compliance Requirement: Procurement and Suspension and Debarment*  
Public Land *Reporting Requirement: Significant Deficiency; Material Non-Compliance*  
Management Act *in Relation to a Compliance Supplement Audit*  
CFDA 15.227 *Objective*

Award No. Criteria  
Various  
Year: 2007-2008  
Procurement, suspension and debarment is one of the 14 types of compliance requirements included in Part 3 of the OMB Circular A-133 Compliance Supplement. On November 26, 2003, revised suspension and debarment rules were published in the Federal Register (68FR66583-66632). Under these rules, for any federally-funded transaction which equals or exceeds \$25,000 with a vendor or for transactions in any amount with a subrecipient, the non-federal entity is obligated to check to make sure that the other party to the transaction is not suspended or debarred. As well, the debarment rules provide that this requirement be imposed on, and relevant information provided to, all subrecipients of federal funds.

Condition  
We inquired about the Department's procedures regarding suspension and debarment and learned that the Department does have procedures in place to verify that large vendors are not suspended or debarred. However, the Department used one large vendor without verifying that the vendor was not suspended or debarred.

Questioned Costs  
No costs are questioned.

Perspective  
We do not believe that any additional information will assist in providing proper perspective.

Effect of the Condition  
The federal government can reject a claim for federal funds reimbursement when the underlying transaction was with a suspended or debarred individual or entity.

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Finding/Program

Findings/Noncompliance

**Finding 08-SA-2**  
(continued)

Southern Nevada  
Public Land  
Management Act  
CFDA 15.227

Award No.  
Various  
Year: 2007-2008

Recommendation

We recommend that the Department implement procedures which require that on any federally-funded transaction, which equals or exceeds \$25,000 or for any amount with a subrecipient, that the Department conduct a review to ensure that the other party to the transaction is not suspended or debarred. Lists of suspended and debarred parties are available online from the Excluded Parties List System at <<http://www.epls.gov>>.

Corrective Action Plan

The Parks and Recreation Department will coordinate with other City departments that are involved with Southern Nevada Public Lands Management Act projects, to develop and implement procedures to ensure that our vendors are not suspended or debarred.

David Furber  
Administrative Analyst III  
702-267-4047

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Finding/Program

Findings/Noncompliance

**Finding 08-SA-3**

Aging Cluster  
CFDA 93.044,  
93.045 and 93.053

Award No.  
Various  
Year: 2007-2008

*Federal Grantor: U.S. Department of Health and Human Services*  
*Pass-Through Entity: State of Nevada, Division of Aging Services*  
*Compliance Requirement: Reporting*  
*Reporting Requirement: Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective*

Criteria

The Department provides nutrition services to individuals aged 60 or older, including meals and nutrition education, either in the home or in a congregate setting. Other, related supportive services and the senior center are normally funded under the nutrition services program. The Department is required to file the Quarterly Financial Report – Nutrition Fixed Fee Report with the State of Nevada Department of Aging showing the number of homebound meals that they served. In order to complete this quarterly report accurately the Department must count the number of homebound meals served each day and maintain the appropriate back-up to support the count.

Condition

During our audit we noted the total number of homebound meals claimed on the Quarterly Financial Report – Nutrition Fixed Fee Report which was filed with the State of Nevada Department of Aging for the fourth quarter (April 2008 – June 2008) of fiscal year 2007/2008 was 18,625. This same period is the grant’s third quarter because it is funded on a federal fiscal year and not the City’s fiscal year. Based on the documentation provided to us during our audit we could only substantiate 18,190 homebound meals being served during this period. The discrepancy is 435 homebound meals.

Questioned Costs

No costs are questioned.

Perspective

The Department was unable to substantiate 435 homebound meals, which is 2.34% of total meals served.

**CITY OF HENDERSON, NEVADA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

Finding/Program

Findings/Noncompliance

**Finding 08-SA-3**  
(continued)

Aging Cluster  
CFDA 93.044,  
93.045 and 93.053

Award No.  
Various  
Year: 2007-2008

Effect of the Condition

The federal government can reject a claim for federal funds reimbursement if the Department is unable to substantiate the amount of homebound meals served during a reporting period.

Recommendation

We recommend that the Department implement procedures which will verify the accuracy of the count of the homebound meals served each day and reconcile the meals reported to back-up documents prior to submission of the report.

Corrective Action Plan

Procedures have been implemented to ensure accuracy for the homebound daily counts. The Dispatcher counts daily and records the delivery information into SAMS (the online program utilized by the State of Nevada for delivery reporting) this data is verified by the Recreation Program Coordinator via the SAMS "Delivery Totals" report to verify count accuracy.

Michele Leavitt  
Recreation Program Coordinator- Senior Services  
Parks & Recreation, Senior Center  
702-267-4165

**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2008

<u>Audit Reference Number</u>	<u>Status of Prior Audit Findings</u>
<b>Finding 07-SA-1</b>	<b><u>Recommendation</u></b>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program CFDA 16.580	We recommend that the Department develop a complete list of all capital assets purchased with program funds, update the list as needed when equipment is purchased or disposed of, and perform physical inventories of the equipment at least biannually to comply with federal requirements.
Award No. 2005-DD-BX-1193 Year: 2006-2007	<b><u>Status</u></b>  Not corrected.
<b>Finding 07-SA-2</b>	<b><u>Recommendation</u></b>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program CFDA 16.580	We recommend that the Department implement procedures which require that on any federally-funded transaction, which equals or exceeds \$25,000 or for any amount with a subrecipient, that the Department conduct a review to ensure that the other party to the transaction is not suspended or debarred. Lists of suspended and debarred parties are available online from the Excluded Parties List System at < <a href="http://www.epls.gov">http://www.epls.gov</a> >.
Award No. 2005-DD-BX-1193 Year: 2006-2007	<b><u>Status</u></b>  Corrected.

**CITY OF HENDERSON, NEVADA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2008

Audit Reference Number	Status of Prior Audit Findings
<b>Finding 07-SA-3</b>	<u>Recommendation</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program CFDA 16.580	We recommend that the Department establish procedures to identify when formal budget modification requests should be submitted. Periodic comparisons of expenditures to budgetary grant category totals will help to identify if a category is approaching the maximum allowable amount.
	<u>Status</u>
Award No. 2005-DD-BX-1193 Year: 2006-2007	Corrected.

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## 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 2007-08 relating to the potential violations reported in the June 30, 2007 audit report:

- Actual expenditures and expenses were monitored during the year ended June 30, 2008. There were, however, overexpenditures during the current year as reported in Note 3 to the financial statements.

### PRIOR YEAR RECOMMENDATIONS

There were no specific recommendations made in the audit report for the year ended June 30, 2007.

### CURRENT YEAR RECOMMENDATIONS

We did not find any financial weaknesses of a magnitude to justify inclusion within our audit report.

### NEVADA REVISED STATUTE 354.6115

The financial statements of the Financial Stabilization Special Revenue Fund are located in this report.

### NEVADA REVISED STATUTE 354.598155

The Special Ad Valorem Transportation Capital Projects Fund expended the following amounts during the year ended June 30, 2008:

Public Works – Services and supplies	\$ 4,869
– Capital outlay	73,602
Transfer to General Obligation Debt Service Fund	<u>2,361,155</u>
	<u>\$ 2,439,626</u>

\*\*\*\*\*

The City of Henderson's continuing efforts toward superior financial reporting and presentation were again acknowledged by the Government Finance Officers Association when the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its June 30, 2007 Comprehensive Annual Financial Report. We congratulate the City on this achievement.

**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, 2008**

Flat Fixed Fees:

Business license revenue for the year ended June 30, 2007 (Base Year)	\$ 2,280,487
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Adjustment to Base:

1. Percentage increase in population of the local government	1.60%	
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>2.80%</u>	
	4.40%	<u>100,341</u>
Adjusted Base at June 30, 2008		2,380,828
Actual Revenue		<u>2,304,556</u>
Amount Under Allowable Amount		<u><u>\$ (76,272)</u></u>

Fees Calculated as a Percentage of Gross Revenue:

Business license revenue for the year ended June 30, 2007	\$ 10,944,740
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1. Percentage increase in the Consumer Price Index	2.80%	<u>306,453</u>
Adjusted Base at June 30, 2008		11,251,193
Actual Revenue		<u>10,275,047</u>
Amount Under Allowable Amount		<u><u>\$ (976,146)</u></u>



**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, 2008 (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, 2008 (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.

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

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.

GALLINA LLP

*Gallina LLP*

Roseville, California  
October 30, 2008