

# **SINGLE AUDIT INFORMATION**

CITY OF RENO

YEAR ENDED JUNE 30, 2020



# CITY OF RENO

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## **Independent Auditor's Report on Compliance For Each Major Federal 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 Reno, Nevada

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Reno's (the "City") compliance with the types of compliance requirements described in the *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, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's 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* (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 its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

Management of the City 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 22, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 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.

*BDO USA, LLP*

April 9, 2021, except for the report on the Schedule of Expenditures of Federal Awards, for which the date is February 22, 2021





**CITY OF RENO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231		\$ -	\$ 211,854
Nevada State Housing Division - Emergency Solutions Grant Program	14.231	E19-DC-32-0001	-	35,000
Subtotal Emergency Solutions Grant Program				246,854
Home Investment Partnerships Program	14.239*		-	1,178,523
Continuum of Care Program	14.267		-	43,000
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		-	2,034,205
City of Sparks - Community Development Block Grants/Entitlement Grants	14.218	B-19-COR	-	109,350
Subtotal CDBG - Entitlement Grants Cluster			-	2,143,555
Total U.S. Department of Housing and Urban Development			-	3,611,932
U.S. Department of the Interior				
State of Nevada Historic Preservation Office - Historic Preservation Fund Grants-In-Aid	15.904	NV-18-10004	-	3,051
Nevada Division of State Parks - Outdoor Recreation Acquisition, Development and Planning	15.916	P19AP00026/32-00357	-	200,000
Total U.S. Department of the Interior			-	203,051
U.S. Department of Justice				
Coronavirus Emergency Supplemental Funding Program	16.034		-	119,544
Nevada Department of Health and Human Services, Division of Child and Family Services -				
Crime Victim Assistance	16.575	16575-17-042	-	69,413
Crime Victim Assistance	16.575	16575-18-039	-	171,026
Subtotal Crime Victim Assistance				240,439
Crime Victim Assistance/Discretionary Grant	16.582		-	11,613
Drug Court Discretionary Grant Program	16.585		-	51,203
Center for Court Innovation - Drug Court Discretionary Grant Program	16.585	FFY 19-42-2362	-	120,668
Subtotal Drug Court Discretionary Grant Program				171,871
Nevada Department of Public Safety, Office of Criminal Justice Assistance - Special Data Collections and Statistical Studies	16.734	17-NCSX-04	-	287,513
Edward Byrne Memorial Justice Assistance Grant Program	16.738		77,283	259,357
Nevada Department of Public Safety, Office of Criminal Justice Assistance -				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-JAG-54	-	20,788
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-JAG-18	-	14,006
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-JAG-33	-	3,888
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-JAG-34	-	22,390
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			77,283	320,429
Harold Rogers Prescription Drug Monitoring Program	16.754		61,750	177,251
Nevada Office of the Attorney General - National Sexual Assault Kit Initiative	16.833	2016-SAKI-09	-	47,243
Equitable Sharing Program	16.922		-	383,662
Total U.S. Department of Justice			139,033	1,759,565

(Continued)

## CITY OF RENO

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Entity/Cluster or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Safety Data Improvement Program	20.237		-	42,801
Highway Safety Cluster				
Nevada Department of Public Safety, Office of Traffic Safety				
State and Community Highway Safety	20.600	JF-2020-RPD-00022	-	31,251
State and Community Highway Safety	20.600	JF-2017-RPD-00010	-	23,207
National Priority Safety Programs	20.616	JF-2017-RPD-00010	-	5,444
National Priority Safety Programs	20.616	JF-2020-RPD-00022	-	16,208
National Priority Safety Programs	20.616	TS-2018-RPD-00084	-	8,177
National Priority Safety Programs	20.616	TS-2020-RPD-00064	-	27,981
National Priority Safety Programs	20.616	TS-2018-RPD-00085	-	8,680
National Priority Safety Programs	20.616	TS-2020-RPD-00057	-	17,685
Subtotal Highway Safety Cluster			-	138,633
Total U.S. Department of Transportation				181,434
U.S. Department of the Treasury				
Nevada Office of the Governor - Coronavirus Relief Fund	21.019*		-	20,432,712
Total U.S. Department of the Treasury				20,432,712
U.S. Department of Veterans Affairs				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034		-	14,375
Total U.S. Department of Veterans Affairs				14,375
Environmental Protection Agency				
Nevada Division of Environmental Protection - State Clean Diesel Grant Program	66.040		-	28,655
Total Environmental Protection Agency				28,655
U.S. Department of Homeland Security				
The United Way - Emergency Food and Shelter National Board Program	97.024	LRO-589600-023	-	50,000
State of Nevada Department of Public Safety, Division of Emergency Management -				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	97.036.17-0011	-	53,179
Emergency Management Performance Grants	97.042	97042.19	-	32,799
Emergency Management Performance Grants	97.042	97042.20	-	105,871
Subtotal Emergency Management Performance Grants			-	138,630
Homeland Security Grant Program	97.067	97067.17-3000	-	19,854
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		-	368,180
Total U.S. Department of Homeland Security				629,883
Total expenditures of federal awards			\$	139,033 \$ 26,861,607

\* A major program

# CITY OF RENO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

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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 Reno (the City) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

### Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the 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 made during the year are included in the federal expenditures presented in the Schedule.

At June 30, 2020, outstanding loan balances were as follows:

Federal CFDA Number	Program Title	Loan Balance Receivable
14.239	Home Investment Partnerships Program	\$ <u>39,860,159</u>
		\$ <u><u>39,860,159</u></u>



**CITY OF RENO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditors' report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>CFDA number</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnership Program
21.019	Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs	\$805,848
Auditee qualified as low-risk auditee?	Yes

**CITY OF RENO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**Section II - Financial Statement Findings**

There were no findings identified related to the financial statements which were required to be reported in accordance with generally accepted government auditing standards during the 2020 audit.

**Section III - Federal Award Findings and Questioned Costs**

There were no findings and questioned costs that were required to be reported as defined in section 2CFR 200.516(a) of the Uniform Guidance.



## Summary Schedule of Prior Audit Findings

2019 - 001 Federal program	Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Criteria or specific requirements	Periodic comparison of reports to supporting records. Financial reports are to be complete, accurate, and prepared in accordance with the required accounting basis. Amounts reported should trace to the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.
Condition	Per examination of the fiscal 2019 quarterly federal financial reports (FFRs), it was noted that the amount per the reports did not reconcile to the amount reported in the Department of Housing and Urban Development's (HUD) Integrated Disbursement and Information System (IDIS), the Accumulated Transaction Listing (general ledger), or the Schedule of Expenditures of Federal Awards (SEFA). Specifically, the FFRs are \$82,175.16 more than the expenditure amount in IDIS. The error is the result of the Management Analyst including \$81,154.36 of expenditures on both the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter reports because HUD changed the accounting basis for reporting from the accrual basis to the cash basis in the fourth quarter. The balance of the error, \$1,020.80, was due to including expenditures on the FFR that were paid with program income. In addition, the FFRs did not reconcile to the general ledger or SEFA by \$48,533.34 and \$48,941.68, respectively. The City was unable to provide an explanation for the variances.
Current Status	Corrected
2019 – 002 Federal program	Disaster Grant – Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)
Criteria or specific requirements	<p>§200.77 Period of performance.</p> <p>Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award.</p> <p>NDEM Grant Management Guide</p> <p>GRANT EXTENSION</p> <p>Grant extension requests will be reviewed on an individual basis and determined by the grant or disaster program manager. The authority to expend funds on a grant award will only be approved within the performance period of the grant document. If a sub-grantee does not request an extension of funds in advance and funds are expended, this may result in non-reimbursable expenditures. If an extension has been received on the grant funds, all reports must be received by 15 days after the close of the grant extension period.</p>

(continued)

## Summary Schedule of Prior Audit Findings (continued)

Condition

Per examination of 43 disbursements, it was noted that four disbursement were outside of the period of performance specified in the award document. Per discussion with the Senior Management Analyst on October 10, 2018, we were informed that extensions for the period of performance were filed with NDEM; however, they have not received approval of such. Since the costs met those approved on the Project Worksheet (PW), the City included them on the SEFA. In total, \$475,431 of costs outside the performance period was included in the SEFA.

NDEM had emailed the City stating that there were reporting issues with reports sent to date. As a result, NDEM and the City agreed to not submit any more reports, including requests for extensions, until a training could be held to rectify all the noted issues. A meeting was held on June 21, 2018, to discuss the issues and a training was held in July 2018.

Extensions were submitted in August 2018 along with the required reports; however, the extensions had not yet been approved as of October 12, 2018. Per correspondence with NDEM, we were informed that the costs are considered allowable as long as they were on the approved PW; however, they did not state whether the extensions would be approved or whether they consider the reports to be submitted timely.

Current status

Corrected.