

**CITY OF NORTH LAS VEGAS, NEVADA
AGREED-UPON PROCEDURES
COMPLIANCE WITH STATE OF NEVADA
ASSEMBLY BILL NO. 418
(MORE COPS INITIATIVE)
FOR THE PERIOD OF
OCTOBER 1, 2005 THROUGH
SEPTEMBER 30, 2009**



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor,
Members of the City Council
And Management of the
City of North Las Vegas, Nevada

We have performed the procedures enumerated below, which were agreed to by the City of North Las Vegas, Nevada (the City), solely to assist you in determining the City's compliance with State of Nevada Assembly Bill No. 418 (AB 418) for the period of October 1, 2005 through September 30, 2009. The City's management is responsible for the City's compliance with AB 418. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Procedures:

- A. Verify through confirmation with the Clark County Treasurer the amount of sales tax collected and appropriated to the Police Sales Tax Fund (Fund 288).
- B. Obtain an understanding the term "police officer" as used in AB 418 in order to verify which classes of employees fall within the requirements of AB 418.
- C. Obtain a complete listing of all police officers charged to the following funds prior to and after the enactment of AB 418: General Fund (Fund 100), Public Safety Tax Fund (Fund 287), and Fund 288. This list will be tested 100% and will include testing any positioned police officers transferred between the funds.
- D. Obtain a listing of all equipment purchased and charged to Fund 288 during the agreed-upon procedures period. The listing will be tested 100% and will include testing to verify the purchases were within the requirements of AB 418.
- E. Analyze the trends of Fund 288 expenditure transactions over the agreed-upon procedures period and identify unusual trends.
- F. Review correspondence and supporting documentation for the above items.

In connection with the procedures listed above, we developed an engagement program which has been provided as additional information (see Exhibit A).

The following findings are deemed noncompliance and are the result of the specific and limited procedures performed and do not represent a complete list of potential noncompliance that may be present.

Findings:

- a. During our testing, we noted certain existing police department employees were transferred to new positions paid for out of Fund 288, however, their existing positions (paid for out of Fund 100 and Fund 287) were not immediately filled, and in some instances have never been filled. The information on these officers is listed below:

Employee # Transferred to Fund 288	Effective Date of Transfer	Prior Fund Charged	Previous Budget Prior to Transfer	Replacement Officer's Employee #	First Pay Period for Replacement	Amount Charged to Fund 288
5696	1/6/2007	100	00823-B ²	8839	2/20/2009	\$ 365,424
4341	2/17/2007	100	00871-B ²	None	None	\$ 505,868
4681	2/17/2007	287	00839-B ²	7156	8/15/2008	\$ 261,792
5558	2/11/2008	100	00878-B	None	None	\$ 342,041
4484	5/10/2008	287	00812-B	5313 ¹	N/A ¹	\$ 281,044
Total						\$1,756,168

¹ Officer 5313's position was filled by officer 5908, whose original position was charged to Fund 100. Officer 5908's position has not been filled.

² These positions were filled by officers effective 9/24/2007 and the salaries and benefits associated with these positions were charged to the appropriate fund (either 100 or 287) through February 2008. However, in February 2008, these officers were transferred to new positions funded out of 288 and all the amounts previously charged to funds 100 and 287 for these positions were transferred out of funds 100 and 287 and transferred into fund 288. Therefore, these officers were not counted as replacement officers in the above table.

Management's Response:

- 1. Employee 5696 - Auditors show position was vacant from 1/6/2007 through 2/19/2009.

Actual staffing pattern: Position filled 9/24/2007 with employee #8233, who held position until 2/29/2008. Position then vacant until 2/16/2009, when it was filled with employee #8839.

- 2. Employee 4341 - Auditors show position was vacated 2/16/2007 and never filled.

Actual staffing pattern: Position filled 9/24/2007 with employee #7170, who held position until 2/29/2008. Position has remained vacant since 3/1/2008.

- 3. Employee 4681 - Auditors show position was vacant from 2/17/2007 through 8/15/2008.

Actual staffing pattern: Position filled 11/10/2007 with employee #7669, who held position until 2/29/2008. Position then vacant until 7/19/2008, when it was filled with employee #7156.

- 4. Employee 5558 - In agreement with finding.
- 5. Employee 4484 - In agreement with finding.

- b. During our testing, we also noted payments made and expenditures charged to Fund 288 for certain positions that were authorized to be funded out of either Fund 100 or Fund 287. These errors were never corrected. A detail listing of these payments follows:

Employee #	Position #	Pay Periods Charged to Fund 288	Amount Charged to Fund 288
8232	01556-B	2008 bi-weeks 3, 4, and 5	\$ 28,136
8236	00900-B	2008 bi-weeks 3, 4, and 5	\$ 28,010
8241	00808-C	2008 bi-weeks 3, 4, and 5	\$ 29,631
Total			\$ 85,777

Management's Response:

1. Employee 8232 - Employee's labor distribution was changed from 287-400213 to 288-400213 for 1/19/2008 through 2/29/2008. The labor distribution was then charged back to 287-400213 on 3/1/2008. No position change occurred for time period.
2. Employee 8236 - Employee's labor distribution was changed from 287-400213 to 288-400213 for 1/19/2008 through 2/29/2008. The labor distribution was then charged back to 287-400213 on 3/1/2008.
3. Employee 8241 - Employee's labor distribution was changed from 287-400213 to 288-400213 for 1/19/2008 through 2/29/2008. The labor distribution was then charged back to 287-400213 on 3/1/2008.

Other Items for Your Consideration:

During our testing we noted certain inconsistencies that did not result in noncompliance with AB 418; however, they do appear to be internal control related issues that should be addressed by management.

1. Capital Purchases – Under AB 418, the City is able to expend some of the ¼ cent sales tax proceeds for the purchase of capital equipment in order to “equip” the new officers. The capital purchases made by the City included vehicles as well as uniforms and other equipment necessary to outfit the police officers. We did not note over expenditures of capital purchases during our testing, however, we did note some internal control issues that should be addressed with the purchase and tracking of the vehicles. The City has several reports used to record and track vehicle purchases maintained separately by the Finance, Police, and Fleet departments. In reviewing these reports and comparing them to the general ledger, we noted one instance of a duplicate Vehicle Identification Number (VIN), several incorrect VINs, and a lack of consistency among the reports as to the total number of purchased vehicles. Additionally, two journal entries recorded to transfer certain vehicles from Fund 750 to Fund 288 did not have supporting documentation.

Management's Response: The Finance Department has since corrected the VINs and is currently performing a Capital Assets Inventory by the various asset categories. It's expected that the inventory for the City's vehicles will be completed in connection with the City's audit for the period ended June 30, 2010, and will match those records maintained by

Fleet Services. Additionally, supporting information is available for the two journal entries recorded to transfer certain vehicles from Fund 750 to Fund 910.

2. Payroll Action Forms (PAFs) – It is our understanding that a PAF is required to be completed for every City employee upon employment with the City as well as to document any changes within an employee's status. This would include transfers to new budgeted positions and funds. However, during our testing, we noted several instances when a PAF was not completed upon the transfer of an officer to/from Fund 288. Specifically, we noted 30 instances in 2008.

Management's Response: Yes, the City (Human Resources) absolutely requires the completion of a PAF(s) for making any changes/updates to an employee's status/records. Further, it's the employee's department's responsibility to complete the PAF. Regarding the 30 instances in 2008, since a number of positions were being moved to Fund 288 at one time, confirmation and authorization was done by e-mail through the City Manager and the Finance Director and the Chief of Police was copied on the e-mail, as well as other individuals being copied on the e-mail; the Police Department was never informed to prepare PAFs to complete this action.

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We were not engaged to, and did not, conduct an audit of the City's financial statements, the objective of which would be the expression of an opinion on the City's financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures on the City's entire set of financial records, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council and management of the City of North Las Vegas, Nevada and is not intended to be and should not be used by anyone other than those specified parties.

*Kafoury, Armstrong & Co.*

Las Vegas, Nevada  
June 17, 2010

CITY OF NORTH LAS VEGAS, NEVADA  
AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
BILL NO. 418 (MORE COPS INITIATIVE)  
PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
PAGE 1 OF 12

---

## BACKGROUND

### State of Nevada Assembly Bill No. 418 (More Cops Initiative)

The More Cops Sales Tax Initiative (More Cops) was passed on May 10, 2005, under State of Nevada Assembly Bill No. 418 (AB 418) and enacted through Nevada Revised Statutes (NRS), Chapter 249. More Cops was passed to meet the rising need for more police officers to service the community caused by explosive growths in the population in Southern Nevada. The purpose of AB 418 is to provide an increase in sales and use tax in Clark County, Nevada (County) to employ and equip additional police officers for various jurisdictions within the County, including the City of North Las Vegas, Nevada's (City) Police Department (PD). The act became effective on October 1, 2005.

AB 418 outlines in various sections much of the compliance requirements.

1. Section 2 (5) "It is intended that 80 percent of any additional police officers employed and equipped pursuant to this act be assigned to uniform operations for marked patrol units in the community for the control of traffic."
2. Section 13 (1)... "The body designated pursuant to this section must approve the expenditure of the proceeds by the police department if it determines that (b) the proposed use will not replace or supplant existing funding for the police department." The body is defined in Sec. 13 (1)(e) The North Las Vegas Police Department is the City Council of the City of North Las Vegas. *Note: For purposes of analyzing "police department" expenditures, only those police department divisions under the "police" function have been included in our analysis. The police department divisions under the "corrections" function have not been included.*
3. Section 17 (1) The City shall deposit the money received from the County pursuant to subsection 3 of section 16 of this act into a special revenue fund created for the use of the proceeds from the tax authorized by this act.

Subsection 3 of the Section 16 refers to the collection of this sales and use tax by the County.

The City established and maintains the Police Sales Tax Special Revenue (Fund 288) fund to account for transactions related to revenues and expenditures of the More Cops tax. These transactions were tested through our agreed-upon procedures.

**CITY OF NORTH LAS VEGAS, NEVADA  
AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
BILL NO. 418 (MORE COPS INITIATIVE)  
PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
PAGE 2 OF 12**

---

## DESCRIPTION OF THE PROCEDURES

Our procedures over Fund 288 relate to More Cops tax received as a result of AB 418 and the related expenditures of Fund 288 for the period from October 1, 2005 through September 30, 2009 are as follows:

- A. Verify through confirmation with the Clark County Treasurer the amount of the sales tax collected and appropriated to the Fund.
- B. Obtain an understanding the term "police officer" as used in AB 418 in order to verify which classes of employees fall within the requirements of AB 418.
- C. Obtain a complete listing of all police officers charged to the following funds prior to and after the enactment of AB 418: General Fund (Fund 100), Public Safety Tax Fund (Fund 287) and Fund 288. This list will be tested 100% and will include testing any positioned police officers transferred between the funds.
- D. Obtain a listing of all equipment purchased and charged to Fund 288 during the agreed-upon procedures period. The listing will be tested 100% and will include testing to verify the purchases were within the requirements of AB 418.
- E. Analyze the trends of Fund 288 expenditure transactions over the agreed-upon procedure period and identify unusual trends.
- F. Review correspondence and supporting documentation for the above items.

## PROCEDURES AND RESULTS

### A. County confirmation of taxes collected and appropriated to Fund 288

#### **Procedures:**

We confirmed with Clark County the accuracy of the amounts reported as "Police .25% local sales and use tax" in Fund 288 for the covered period. The total amount of .25% sales tax collected on behalf of the City from October 1, 2005 through June 30, 2009 was \$32,389,555. Of this amount, \$6,873,548 remained unspent at June 30, 2009, per the City's audited financial statements. An additional \$1,791,929 was collected from July 1, 2009, through September 30, 2009, for a total of \$34,181,484 in .25% sales tax collections for the period covered by this engagement.

**Results:** No exceptions were found as a result of applying the procedure.

CITY OF NORTH LAS VEGAS, NEVADA  
AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
BILL NO. 418 (MORE COPS INITIATIVE)  
PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
PAGE 3 OF 12

---

**B. Term of Police Officer**

The definition of a police officer is “a duly-sworn person authorized to execute police powers and charged with law enforcement responsibilities in connection with the City of North Las Vegas”. They are assigned a shift of duty in a specific patrol area or assignment, which includes the Northwest and South Precincts. For purposes of analyzing budgeted and actual police officer positions, we included the following positions: detective, police lieutenant, police officer, and police sergeant.

**C. Testing 100% of Police Officer Positions Charged to Funds 100, 287, and 288**

In order to properly test for compliance with AB 418, several procedures were performed to test 100% of the salary transactions within Fund 288.

**Procedure #1:**

First we determined the reliability of the source documents we would be using for our testing of police officer positions. These source documents include the Salary and Benefit Breakdown Report and Statutory Breakout Report as well as the payroll journals. In order to determine the reliability of the and Benefit Breakdown Report and Statutory Breakout Report , we obtained from the PD the Salary and Benefit Breakdown Report and Statutory Breakout Report for the applicable periods for which the reports were generated. These reports were used for the budgeted dollar amounts, position numbers, position titles, employee (if applicable) and the FTEs. The FTEs for these reports, along with the approved Supplemental Request Forms, were used to compare the budgeted amounts to the tentative approved budget submitted to the State. Any discrepancies were discussed with the City’s budget department and reconciled between the reports. In order to test the City’s payroll journals, we obtained the payroll journals for every pay period from October 1, 2005 through September 30, 2009 by year for PD. The payroll journals consisted of the employee’s name, employee number, budgeted position, fund charged, general ledger account charged, pay period and salary amounts. The payroll journals were sorted by fund and Fund 288 total salaries for each fiscal year were reconciled to the Comprehensive Annual Financial Report (CAFR) to verify the amounts agreed to the annual audited financial statements.

**Results of Procedure #1:** No exceptions were found as a result of applying the procedures. The Salary and Benefit Breakdown Report and Statutory Breakout Report and payroll journals will be used to assist with the payroll testing procedures.

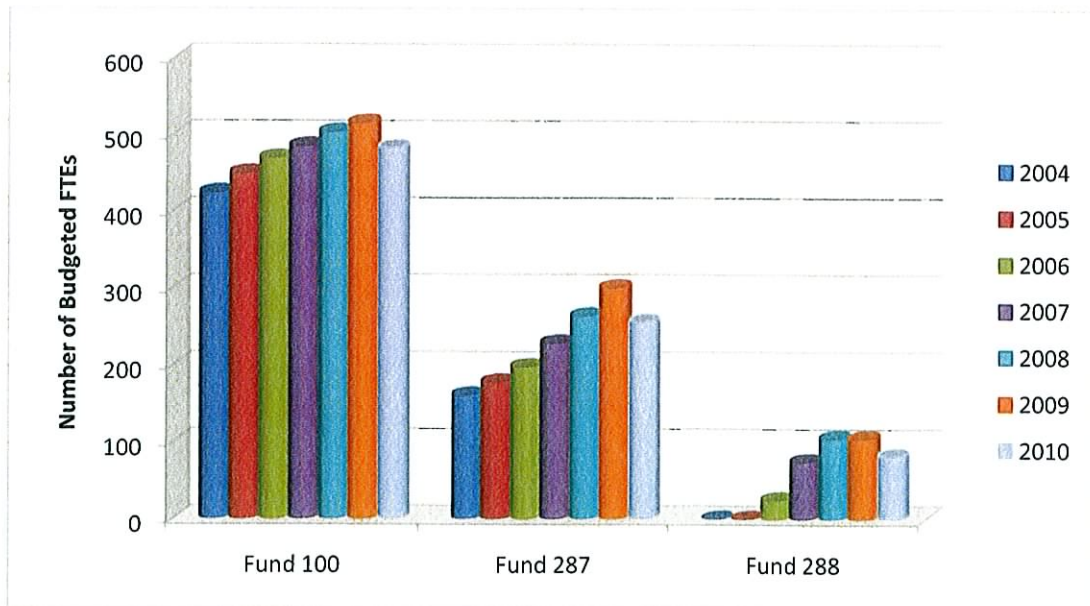
**CITY OF NORTH LAS VEGAS, NEVADA  
 AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
 COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
 BILL NO. 418 (MORE COPS INITIATIVE)  
 PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
 PAGE 4 OF 12**

**Procedure #2:**

An analysis was performed on the budgeted Police Department FTEs (includes police function only) from the City's fiscal year ending budgets from June 30, 2004 through June 30, 2010 between all the funds. The total budgeted FTEs for each fiscal year was compared to the prior fiscal year and the variance was analyzed.

**Results of Procedure #2: Total Number of Budgeted FTEs for the Police Department – Police Function**

|          | Fiscal Year Ending June 30, |             |             |             |             |             |             |
|----------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|          | <u>2004</u>                 | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Fund 100 | 423.5                       | 449.2       | 468.5       | 485.25      | 503         | 514.5       | 481.5       |
| Fund 287 | 161                         | 178         | 197.5       | 228.5       | 264         | 300         | 256         |
| Subtotal | 584.5                       | 627.2       | 666         | 713.75      | 767         | 814.5       | 737.5       |
| Fund 288 | 0                           | 0           | 25          | 75          | 105         | 105         | 82          |
| Totals   | 584.5                       | 627.2       | 691         | 788.75      | 872         | 919.5       | 819.5       |



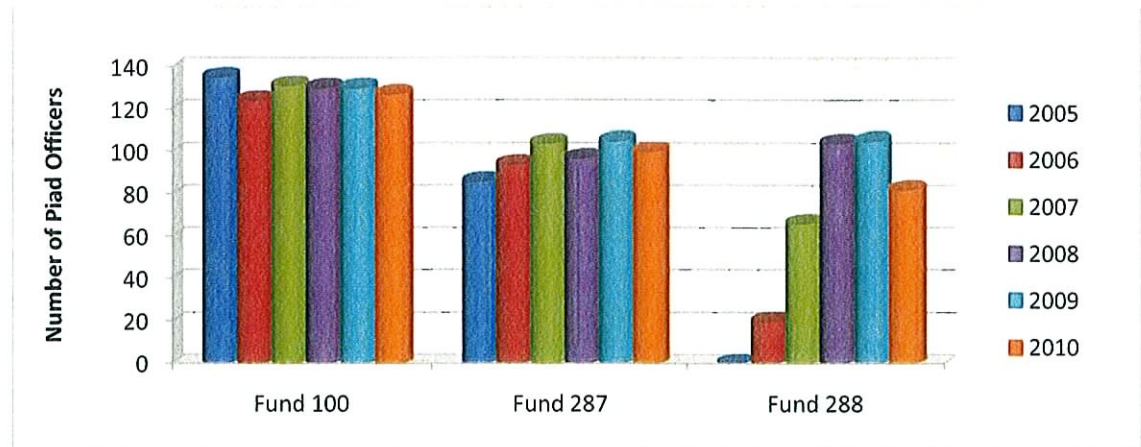
**CITY OF NORTH LAS VEGAS, NEVADA  
 AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
 COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
 BILL NO. 418 (MORE COPS INITIATIVE)  
 PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
 PAGE 5 OF 12**

**Procedure #3:**

We reviewed the FTEs budgeted for Fund 288, and determined that Fund 288 has two types of police officer positions: police officer and detective. PD has several departments, including the Command Centers. We sorted the payroll journals by fund and police officer positions to isolate the total Police Officers and Detectives by fund by department (included in our analysis are detectives, police sergeants, police lieutenants, and police officers). We then used this data to obtain a count of police officer positions charged to the various funds during the years. Since hiring more police officers is a critical component of AB 418, this procedure was performed to evaluate any trends within the actual number of filled (non-vacant) police officer and detective positions by fund during the period covered.

**Results of Procedure #3: Total Number of Paid Police Officer Positions by Fiscal Year**

|                   | Fiscal Year Ending |             |             |             |             |             |
|-------------------|--------------------|-------------|-------------|-------------|-------------|-------------|
|                   | <u>2005</u>        | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Fund 100          | 135                | 124         | 131         | 130         | 130         | 127         |
| Fund 287          | 86                 | 94          | 104         | 97          | 105         | 100         |
| Subtotal          | <u>221</u>         | <u>218</u>  | <u>235</u>  | <u>227</u>  | <u>235</u>  | <u>227</u>  |
| Fund 288          | <u>0</u>           | <u>20</u>   | <u>66</u>   | <u>104</u>  | <u>105</u>  | <u>82</u>   |
| Total – all funds | <u>221</u>         | <u>238</u>  | <u>301</u>  | <u>331</u>  | <u>330</u>  | <u>309</u>  |



CITY OF NORTH LAS VEGAS, NEVADA  
AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
BILL NO. 418 (MORE COPS INITIATIVE)  
PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
PAGE 6 OF 12

---

**Procedure #4:**

We next performed additional procedures to test for compliance with AB 418. This test was designed to examine 100% of the Police Officers and Detectives charged to Fund 288 and determine if they meet the requirement of employing new police officers. To do this, we performed the following procedures: We sorted the payroll journals by each fund. From this sorted payroll data we were able to isolate all the employees charged to Fund 288 and, if applicable, the other funds the employees were charged to as well. We then obtained the following information from the sorted payroll data to perform our test: employee name, employee number, employee budgeted position, and the department (command area). We also obtained the hire date of the employees from the Date of Hire report from the payroll department. We then obtained the Personnel Action Form (PAF) from the human resources department for all employees charged to Fund 288. This form is used to reflect any changes within the employee's status within the City including: new hires, rehires, transfers, promotions, merit increases and terminations. It also reflects the fund and budgeted position the employee is charged. This form is required to be authorized by the Supervisor, Department Director, HR Director and City Manager for any changes in the status of employees. In addition to these items, we obtained a listing of all academy attendees and their academy class date.

Our testing procedures were to review the PAF for authorization of budget position, fund charge, effective date of change and the hire date, and compared the form to the payroll journals for changes in the employees charged to Fund 288. We also compared the employee's effective date for being charged to Fund 288 as a police officer or detective to verify it was after the More Cops effective date and, if applicable, to the academy class date. Additionally, for officers transferred into Fund 288 from other funds, we tested the employee's original position to determine when it was filled by a replacement officer, since any shifting of employees from other funds into Fund 288 wouldn't accomplish the goal of hiring more police officers.

**Results of Procedure #4:** All employees charged to Fund 288 meet the requirement of employing new police officers with the following exceptions:

**Fiscal Year 2006:**

There were two employees (employee numbers 7353 and 7364) charged to Fund 288 for only one pay period ending March 16, 2006. Neither employee was included in the list of academy attendees nor subsequently paid any other salaries throughout the year.

CITY OF NORTH LAS VEGAS, NEVADA  
 AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
 COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
 BILL NO. 418 (MORE COPS INITIATIVE)  
 PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
 PAGE 7 OF 12

---

**Fiscal Year 2007:**

We noted certain police officers who were employed as police officers prior to the More Cops effective date were transferred to Fund 288. Therefore, we examined their position number prior to the transfer and reviewed the payroll journal and effective date of the replacement police officer. We also verified that the replacement police officer had attended the academy after the More Cops effective date. We noted three instances when police officers were transferred to Fund 288 without a corresponding replacement officer immediately filling their existing position. Below are the employee numbers of the three police officers who were transferred to Fund 288, along with the effective date of the transfer, and their prior budgeted position number. Additionally, if applicable, the replacement police officer's employee number and first pay period are listed.

| Employee #<br>Transferred to<br><u>Fund 288</u> | Effective<br>Date of<br><u>Transfer</u> | Prior<br>Fund<br><u>Charged</u> | Previous<br>Budget<br>Prior to<br><u>Transfer</u> | Replacement<br>Officers<br><u>Employee #</u> | First Pay<br>Period for<br><u>Replacement</u> |
|-------------------------------------------------|-----------------------------------------|---------------------------------|---------------------------------------------------|----------------------------------------------|-----------------------------------------------|
| 4341                                            | 2/17/2007                               | 100                             | 00871-B                                           | N/A *                                        | N/A*                                          |
| 5696                                            | 12/9/2006                               | 100                             | 00823-B                                           | 8839                                         | 2/20/2009                                     |
| 4681                                            | 2/17/2007                               | 287                             | 00839-B                                           | 7156                                         | 8/15/2008                                     |

\*The position was eliminated from the budget and never filled.

**Fiscal Year 2008:**

Similar to Fiscal Year 2007 above, we noted two instances when police officers employed as police officers prior to the More Cops effective date were transferred to Fund 288 without a corresponding police officer immediately filling their existing position.

| Employee #<br>Transferred to<br><u>Fund 288</u> | Effective<br>Date of<br><u>Transfer</u> | Prior<br>Fund<br><u>Charged</u> | Previous<br>Budget<br>Prior to<br><u>Transfer</u> | Replacement<br>Officers<br><u>Employee #</u> | First Pay<br>Period for<br><u>Replacement</u> |
|-------------------------------------------------|-----------------------------------------|---------------------------------|---------------------------------------------------|----------------------------------------------|-----------------------------------------------|
| 4484                                            | 5/10/2008                               | 100                             | 00812-A**                                         | 5313                                         | 2/20/2009                                     |
| 5558                                            | 2/11/2008                               | 100                             | 00878-B                                           | N/A ***                                      | N/A***                                        |

\*\*This position was filled by another officer (5908) who was hired as a police officer prior to More Cops effective date. This replacement officer's prior position (01380-B – Fund 100) was not filled after the transfer.

\*\*\*The position was eliminated from the budget and never filled.

CITY OF NORTH LAS VEGAS, NEVADA  
 AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
 COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
 BILL NO. 418 (MORE COPS INITIATIVE)  
 PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
 PAGE 8 OF 12

---

During the year, three police officers originally charged to Fund 287 transferred to Fund 288 for the calendar year 2008 pay periods 3 through 5 and then back to the Fund 287 for pay period 6 through the remainder of the fiscal year. These employees were hired and attended the academy after the More Cops but there was no PAF authorizing the transfers. Their breakdown is as follows:

| <u>Employee #</u> | <u>Fund<br/>287<br/>Position<br/>Number</u> | <u>Prior<br/>Fund<br/>Charged</u> | <u>Amount<br/>Charged to<br/>Fund 288</u> |
|-------------------|---------------------------------------------|-----------------------------------|-------------------------------------------|
| 8241              | 00808-C                                     | 287                               | \$ 29,631                                 |
| 8232              | 01556-B                                     | 287                               | \$ 28,136                                 |
| 8236              | 00900-B                                     | 287                               | \$ 28,010                                 |

Additionally, while we determined that certain employees meet the requirement of employing new police officers, the internal controls and record keeping were not fully effective as follows:

**Fiscal Year 2008:** During the year, there were 27 police officers and detectives, all of which were hired after the More Cops, transferred to Fund 288 from either Fund 100 or Fund 287. The transfer was retroactive to various dates during the year. These employees maintained their old position number through the 5<sup>th</sup> pay period of calendar year 2008 and were given a new position number with pay period 6, yet had already been transferred to Fund 288. These employees stayed within Fund 288 for the remainder of the year and beyond unless authorized change on subsequent PAFs. There were no PAFs authorizing the transfers. The breakdown is as follows:

CITY OF NORTH LAS VEGAS, NEVADA  
 AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
 COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
 BILL NO. 418 (MORE COPS INITIATIVE)  
 PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
 PAGE 9 OF 12

---

| <u>Employee<br/>Number</u> | <u>Prior Fund</u> | <u>Old Position<br/>Number</u> | <u>Amount<br/>Transferred</u> |
|----------------------------|-------------------|--------------------------------|-------------------------------|
| 7902                       | 100               | 00813                          | \$ 44,282                     |
| 7572                       | 287               | 00897                          | 56,632                        |
| 8234                       | 100               | 00820                          | 28,010                        |
| 7850                       | 100               | 00792                          | 52,473                        |
| 7894                       | 100               | 00899                          | 45,730                        |
| 8233                       | 100               | 00823                          | 29,932                        |
| 7896                       | 100               | 00910                          | 42,096                        |
| 8283                       | 100               | 00856                          | 13,226                        |
| 7575                       | 287               | 00909                          | 48,337                        |
| 8240                       | 100               | 01290                          | 10,306                        |
| 7912                       | 287               | 00883                          | 34,030                        |
| 7909                       | 287               | 00888                          | 12,673                        |
| 7910                       | 100               | 00906                          | 43,454                        |
| 7891                       | 287               | 01909                          | 31,135                        |
| 7892                       | 287               | 00917                          | 33,987                        |
| 7906                       | 287               | 01718                          | 30,566                        |
| 7904                       | 100               | 01335                          | 45,950                        |
| 7895                       | 100               | 01379                          | 42,621                        |
| 7170                       | 100               | 00871                          | 30,235                        |
| 7663                       | 287               | 00811                          | 39,215                        |
| 7662                       | 287               | 01632                          | 34,890                        |
| 7899                       | 287               | 01711                          | 23,671                        |
| 8228                       | 100               | 01387                          | 29,548                        |
| 7567                       | 287               | 01487                          | 56,816                        |
| 7658                       | 100               | 00890                          | 53,570                        |
| 7655                       | 100               | 00899                          | 45,436                        |
| 7905                       | 287               | 01715                          | 12,081                        |

CITY OF NORTH LAS VEGAS, NEVADA  
AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
BILL NO. 418 (MORE COPS INITIATIVE)  
PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
PAGE 10 OF 12

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**D. Testing 100% of equipment purchased and charged to Fund 288**

**Procedures:**

1. The purpose of the procedures was to verify if the equipment acquired was to equip the new police officers as required by AB 418. Our test started with obtaining the accounting general ledger detail from the Finance Department and comparing these total expenditures to the CAFR. Once any variances were reconciled, the general ledger was used for testing. As part of the testing, we obtained all the supporting documentation for the transaction, which included obtaining the purchase order, invoice, and purchase requisition and journal entry, if applicable. We also obtained the PD's requirements for equipping vehicles and the limits for the number of police officers that can be assigned to a vehicle. With this information, we documented the quantity purchased and compared the actual quantities purchased to the limitations. We also obtained a listing of the capital assets and the vehicle inventory listing for Fund 288 and compared the supporting documentation to this listing.
2. As part of our procedures, we obtained a listing of the required uniform and equipment to outfit the police officers. This list included the required weapons and other equipment. We obtained the general ledger account details from management. We examined the invoices supporting the cost to verify the cost agreed to the general ledger and obtained the quantity of units purchased. We then compared the quantity purchased by Fund 288 to the maximum number of police officers charged to Fund 288, excluding those police officers hired before October 1, 2005.

**Results of Procedures #1 and #2:** Overall, the equipment and uniform purchases were within the requirements of AB 418. However, while we determined that equipment and uniform purchases met the requirements, the internal controls and record keeping were not fully effective as follows:

1. The Finance, PD, and Fleet departments keep independent lists of vehicles purchased by the City. In our testing, we noted there is a lack of consistency among the reports, and no one performs a reconciliation to investigate any inconsistencies.
2. The PD listing of vehicles purchased by Fund 288 includes a duplicate VIN.
3. The Fleet department's report, had inconsistencies with the VINs reported on the supporting invoices for two motorcycles.

**CITY OF NORTH LAS VEGAS, NEVADA  
 AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM  
 COMPLIANCE WITH STATE OF NEVADA ASSEMBLY  
 BILL NO. 418 (MORE COPS INITIATIVE)  
 PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009  
 PAGE 11 OF 12**

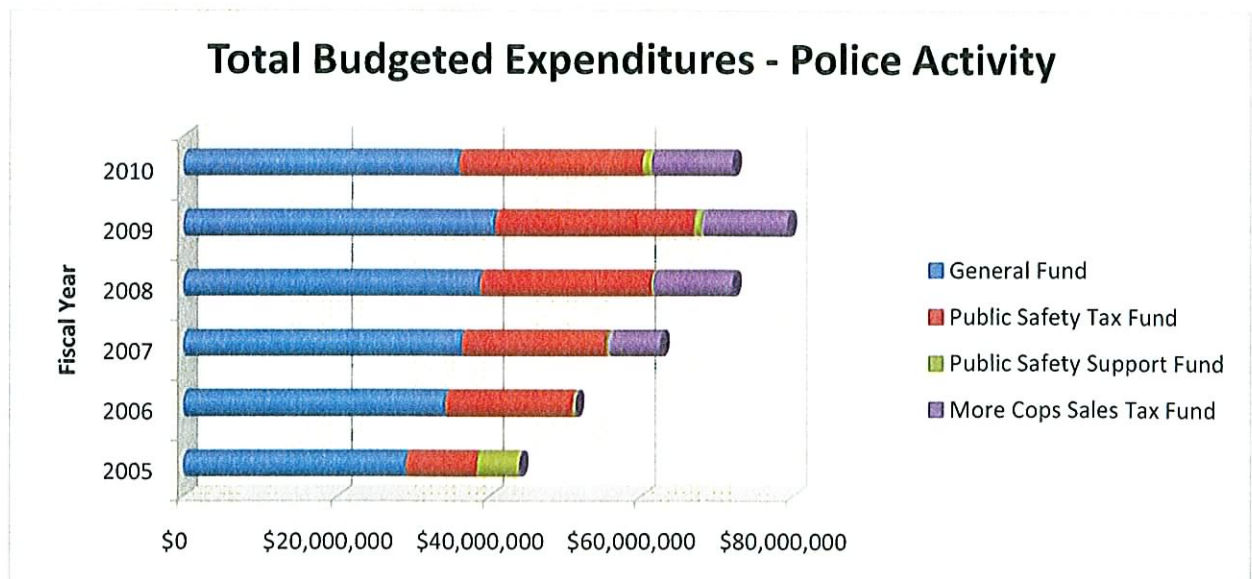
4. The capital asset detail listing for fund 288 also had inconsistencies with certain VINs reported on the supporting invoices for six vehicles.

**E. Analyze the Trends of the Fund Expenditures Transactions**

**Procedures:**

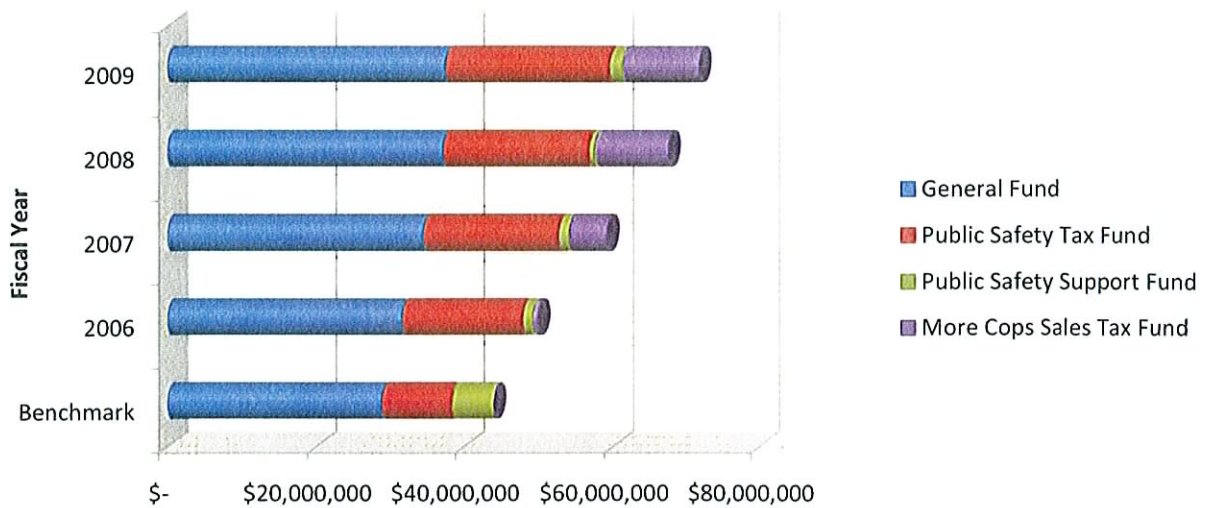
AB 418, as amended in 2007, indicates that the amount approved for the support of the police department (excluding the amounts expended from AB 418 proceeds) cannot be less than the amount expended for the year ended June 30, 2005. To test this, we included only amounts designated as “Police” activity under the “Public Safety” function since these are the activities allowed by AB 418. The amount expended for this function for the year ended June 30, 2005 was \$43,765,735 while the amended final budget for the police activity was \$44,031,002. Since the budgeted amount was higher, we utilized this amount as the benchmark in our analysis of compliance with AB 418.

**Results:** Actual and budgeted expenditures (for all funds prior to considering Fund 288 – More Cops Sales Tax Fund) exceeded the benchmark amount for all periods covered by our testing.



**CITY OF NORTH LAS VEGAS, NEVADA**  
**AGREED-UPON PROCEDURES ENGAGEMENT PROGRAM**  
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**BILL NO. 418 (MORE COPS INITIATIVE)**  
**PERIOD COVERED – OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2009**  
**PAGE 12 OF 12**

### Total Actual Expenditures - Police Activity



### Total Salaries & Benefits - Police Activity

