
**SINGLE AUDIT AND
ACCOMPANYING INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the basic financial statements of the City of North Las Vegas (the City) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 31, 2009. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control 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 City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency in internal control over financial reporting.

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 City's internal control.

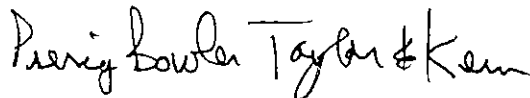
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and other matters. As part of obtaining reasonable assurance about whether the City's basic 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 including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 Sec. 4 (c)(1 through 5) and NRS 354.6105 complied with the express purposes required by NRS 354.6241 Sec. 1 (a)(b)(c)(d)(e)(f) and NRS 354.6105 Sec. 4 (a) and (b), respectively. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended for the information and use of the Honorable Mayor, Members of the City Council, management of the City, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.



December 31, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

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

Compliance. We have audited the compliance of the City of North Las Vegas (the City) 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, 2009. The City's major federal programs are identified in the summary of auditors' 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's management. Our responsibility is to express an opinion on the City'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'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's compliance with those requirements.

In our opinion, the City 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, 2009, except as described in the accompanying schedule of findings and questioned costs as items 2009-2 and 2009-3.

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

A *control deficiency* in the City'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 City'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 City's internal control.

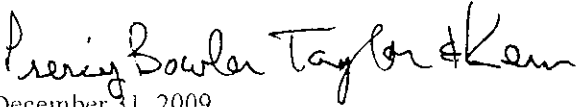
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

The City's responses to the above findings are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards. We have audited the basic financial statements of the City as of and for the year ended June 30, 2009, and have issued our report thereon dated December 31, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the Honorable Mayor, Members of the City Council, management of the City, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.


December 31, 2009

**CITY OF NORTH LAS VEGAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development</u>		
Community Development Block Grants / Special Purpose Grants / Insular Areas	14.225	\$ 37,454
Passed through Clark County, Nevada-Department of Finance:		
Community Development Block Grants / Entitlement Grants	14.218*	1,859,815
Home Investment Partnerships Program	14.239*	<u>1,888,005</u>
Total Department of Housing and Urban Development		<u>3,785,274</u>
<u>Department of Health and Human Services</u>		
Passed through State of Nevada-Department of Health and Human Services:		
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	<u>10,093</u>
Total Department of Health and Human Services		<u>10,093</u>
<u>Department of Homeland Security</u>		
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	270,000
Passed through State of Nevada-Department of Public Safety:		
Emergency Management Performance Grants	97.042	118,993
Passed through Clark County, Nevada Fire Department:		
National Urban Search and Rescue (US&R) Response System	97.025	97,709
Passed through State of Nevada-Department of Public Safety:		
Homeland Security Grant Program	97.067	78,828
State Homeland Security Program (SHSP)	97.073	<u>5,000</u>
Total Department of Homeland Security		<u>570,530</u>
<u>Department of Transportation</u>		
Passed through State of Nevada-Department of Public Safety:		
State and Community Highway Safety	20.600*	216,133
Passed through State of Nevada-Department of Transportation:		
Highway Planning and Construction	20.205	<u>198,448</u>
Total Department of Transportation		<u>414,581</u>

(continued)

**CITY OF NORTH LAS VEGAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Justice</u>		
State Criminal Alien Assistance Program	16.606	32,360
Bulletproof Vest Partnership Program	16.607	9,992
Public Safety Partnership and Community Policing Grants	16.710	16,474
Edward Byrne Memorial Justice Assistance Grant Program	16.738*	230,527
Gang Resistance Education and Training	16.737	65,918
Passed through Federal Bureau of Investigation:		
Joint Terrorist Task Force (JTTF)	None	5,255
Las Vegas Safe Streets Gang Task Force (LVSSGTF)	None	15,543
Passed through State of Nevada-Department of Health and Human Services:		
Crime Victim Assistance	16.575	84,000
Passed through State of Nevada-Office of the Attorney General:		
Violence Against Women Formula Grants	16.588	103,099
Passed through State of Nevada-Department of Health and Human Services:		
Enforcing Underage Drinking Laws Program	16.727	14,154
Passed through U. S. Marshals Service:		
Fugitive Investigative Strike Team (FIST)	None	10,897
Total Department of Justice		<u>588,219</u>
<u>Executive Office of the President-Office of National Drug Control Policy</u>		
High Intensity Drug Trafficking Area (HIDTA)	None	230,502
Total Executive Office of the President-Office of National Drug Control Policy		<u>230,502</u>
<u>Department of the Interior</u>		
Passed through State of Nevada-Bureau of Land Management:		
Recreation Resource Management	15.225	10,770,074
Total Department of the Interior		<u>10,770,074</u>

(continued)

**CITY OF NORTH LAS VEGAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>		
Passed through State of Nevada-Department of Education: Special Milk Program for Children	10.556	<u>20,834</u>
Total Department of Agriculture		<u>20,834</u>
<u>Environmental Protection Agency</u>		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>83,059</u>
Total Environmental Protection Agency		<u>83,059</u>
<u>Institute of Museum and Library Services</u>		
Passed through State of Nevada-Nevada State Library and Archives: Grants to States	45.310	<u>49,315</u>
Total Institute of Museum and Library Services		<u>49,315</u>
Total Federal Assistance		<u>\$ 16,522,481</u>

Notes to the schedule of expenditures of federal awards

Reporting entity. The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of North Las Vegas. The reporting entity is defined in note 1 to the basic financial statements. The schedule includes all federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies.

Basis of presentation. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Las Vegas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

* Selected by auditors as a "major" program

City of North Las Vegas

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009**

Section I - Summary of Auditors' Results:

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	None
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements?	None reported

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	None
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

Identification of Major Programs:

CFDA Number:	14.218
Name of Federal Program or Cluster:	Community Development Block Grants/Entitlement Grants
CFDA Number:	14.239
Name of Federal Program or Cluster:	Home Investment Partnerships Program
CFDA Number:	20.600
Name of Federal Program or Cluster:	State and Community Highway Safety
CFDA Number:	16.738
Name of Federal Program or Cluster:	Edward Byrne Memorial Justice Assistance Grant Program

City of North Las Vegas

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Section I - Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs:	\$495,674
Auditee qualified as low-risk auditee?	Yes

City of North Las Vegas

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States:

2009-01

Criteria: Supporting fixed asset schedules should reconcile to the general ledger and properly calculate capitalized amounts for fixed assets.

Condition: Detail schedules of fixed assets contributed during the year contained several mathematical errors and did not reconcile to the general ledger.

Cause: The controls designed to provide reasonable assurance that contributed fixed assets are recorded in the general ledger at the correct amounts did not function as intended, due to inadequate review of the schedule of contributed fixed assets prepared by the Financial Accountant.

Effect: Improper capitalization of contributed fixed assets could have resulted in a material misstatement of fixed assets and depreciation expense.

Recommendation: We recommend management periodically review the detail fixed asset schedules to ensure amounts are properly recorded.

Management's Response: The City Finance Department has informed us that it will review and recalculate all data received by the Public Works Department prior to the Financial Accountant entering the data in the General Ledger and the Fixed Asset records. This will be accomplished by having an Accounting Technician review all calculations of data received from the Public Works Department. The Financial Accountant responsible for entering into the General Ledger and Fixed Asset records will also review all calculations of the contributed assets worksheets. Any differences between the initial two reviews will be examined by a third person in the Finance Department. When all data has been reviewed and determined to be correct, the information will be entered into the General Ledger and the Fixed Asset records and reconciliation will be done between the Fixed Asset records and the General Ledger to resolve and correct differences. This process will occur on a monthly basis and be completed within thirty days of the monthly close for the General Ledger. This process will be in place by January 31, 2010

City of North Las Vegas

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009**

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

2009-02

Program: Department of Housing and Urban Development. Passed through Clark County. Community Development Block Grants/Entitlement Grants. CFDA #14.218.
Department of Housing and Urban Development. Passed through Clark County. Home Investment Partnerships Program CFDA #14.239.

Criteria: Policies and procedures should be in place to ensure that vendors are cross referenced against the Excluded Parties List System (EPLS) when using Federal awards.

Condition: Vendors used in connection with the Community Development Block Grants/Entitlement Grants are not cross referenced against the EPLS list to ensure compliance with the grant requirement.

Questioned Costs: Not applicable.

Cause: Policies and procedures are not in place that require vendors to be cross referenced against the EPLS list.

Effect: Failure to cross reference checking the vendors against the EPLS list could result in federal money being expended on barred or suspended parties.

Recommendation: We recommend that Neighborhood Services implement policies and procedures to cross reference vendors against the EPLS list.

Management's Response: The City has informed us that it has already implemented and posted an electronic warning that vendors are to be compared against the Excluded Parties List System (EPLS) when City personnel are entering a requisition in the City's automated requisitioning process. In addition, the Purchasing Division will contact all City personnel warning them that prior to making purchases using Federal or City matching funds, vendors must be cross referenced with the EPLS list prior to commitment. The cross referencing of vendors with the EPLS for purchases made with Purchase Cards or directly with vendors are the responsibility of the requesting Division. In addition, Departments are responsible for notifying the Purchasing Division to cross reference with the EPLS list for any purchase orders and contracts to be completed by the Purchasing Division in which Federal and City matching funds will be used. Finance Department personnel will assist City staff if they need training and or guidance on use of the EPLS cross referencing system. These procedures will be implemented by January 31, 2010.

City of North Las Vegas

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

2009-03

Program: Department of Justice. Edward Byrne Memorial Justice Assistance Grant Program CFDA #16.738.

Department of Transportation. State and Community Highway Safety CFDA #20.600

Criteria: A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment. Further, equipment records shall be maintained accurately and shall include the ultimate disposition data, including the date of disposal and sales price or the method used to determine current fair value where a recipient compensates the Federal awarding agency for its share.

Condition: Physical inventories of equipment acquired with federal awards have not been performed within the last two years. Also, records for equipment acquired with Federal awards that were disposed of are not maintained.

Questioned Costs: Not applicable.

Cause: Policies and procedures are not in place that require inventories of equipment purchased with federal awards.

Effect: Potential misappropriation and misuse of equipment acquired with federal awards.

Recommendation: We recommend implementing policies and procedures that require physical inventories of equipment acquired with federal awards.

Management's response: The City has informed us that during the prior fiscal year, the Police Department was aware of the requirement for a physical inventory and took action to secure funding for FY08-09 that would enable it to acquire a new inventory management system. The new system, HardCat, was implemented at the beginning of FY09-10 and is presently about 60% complete. All equipment is being physically inspected and counted and entered into the new HardCat inventory system. Draft policies and procedures regarding inventory management are already prepared and are awaiting review and approval.