

COMMENTS OF INDEPENDENT AUDITORS



KAFOURY, ARMSTRONG & CO.  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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**

To the Honorable Board of County Commissioners  
and the County Manager  
Clark County, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Clark County, Nevada (the "County") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 27, 2013.

Our report includes a reference to other auditors who audited the financial statements of University Medical Center of Southern Nevada, Las Vegas Valley Water District, Big Bend Water District, Kyle Canyon Water District, and Regional Transportation Commission of Southern Nevada as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the County 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 that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kafoury, Armstrong & Co.*

Las Vegas, Nevada  
December 27, 2013

**CLARK COUNTY, 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, 2013**

Flat fixed fees:

Business license base revenue for the year ended June 30, 2012 (base year)	\$ 18,353,412
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Adjustment to base:

Percentage increase in population of the local government	2.14%	
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>2.07%</u>	
	4.21%	<u>772,679</u>
Adjusted base at June 30, 2013		19,126,091
Actual revenue		<u>9,418,739</u>
Amount (over) under allowable maximum		<u>\$ 9,707,352</u>

Fees calculated as a percentage of gross revenue:

Business license revenue for the period ended June 30, 2012 (base year)	\$ 20,344,765
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Percentage increase in the Consumer Price Index	2.07%	<u>421,137</u>
Adjusted base at June 30, 2013		20,765,902
Actual revenue		<u>21,112,596</u>
Amount (over) under allowable maximum		<u>\$ (346,694)</u>

**CLARK COUNTY, NEVADA  
AUDITOR'S COMMENTS  
JUNE 30, 2013**

CURRENT YEAR STATUTE COMPLIANCE

Clark County, Nevada conformed to all significant statutory constraints on its financial administration during the year with the following exceptions:

- As disclosed in Note II, "Stewardship, Compliance, and Accountability", certain expenditures exceeded appropriations.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The County continues to have funds with expenditures exceeding appropriations.

PRIOR YEAR RECOMMENDATIONS

We did not identify any internal control issues over financial reporting or noncompliance matters requiring disclosure in accordance with generally accepted auditing standards or *Government Auditing Standards*.

CURRENT YEAR RECOMMENDATIONS

We did not identify any internal control issues over financial reporting or noncompliance matters requiring disclosure in accordance with generally accepted auditing standards or *Government Auditing Standards*.

NEVADA REVISED STATUTE 354.598155

The Special Ad Valorem Capital Construction Fund expended the following amounts during the year ended June 30, 2013:

- |  |               |
|--|---------------|
| • Public Works – Street Improvements – Services and supplies | \$ 22,845     |
| • Public Works – Street Improvements – Capital Outlay        | \$ 24,698,932 |

The Special Ad Valorem Transportation Fund expended the following amounts during the year ended June 30, 2013:

- |                         |              |
|-------------------------|--------------|
| • Services and supplies | \$ 1,250,982 |
| • Capital outlay        | \$ -         |