

City of Las Vegas Audit Results – Council Meeting

January 17, 2024

IT'S
PLAY
TIME

Submitted at Meeting
Date: 1/17/2024 Item: 28
by Kathy Lai, Crowe LLP



Dear Members of the City Council of the City of Las Vegas,

We are pleased to present our report on the audit of the City of Las Vegas. Our report includes a summary of the audit results and also required auditor communications under professional standards.

We welcome any questions you may have on our audit. Thank you for the opportunity to discuss the audit results.

Sincerely,

A handwritten signature in black ink that reads "Katherine V. Lai".

Katherine V. Lai
Engagement Partner

Client Service Team

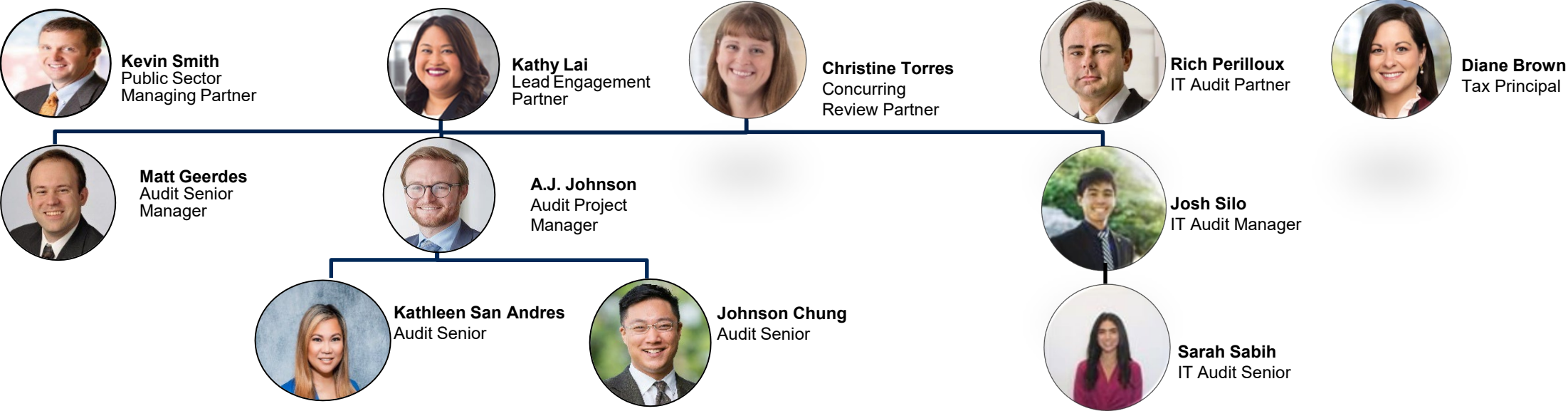




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Audit Objectives

Engagement Objectives

- The objective of an audit of financial statements is to express an opinion that the financial statements are in accordance with accounting principles generally accepted in the United States.
- The audit of financial statements will be performed in accordance with auditing standards generally accepted in the United States (GAAS) and generally accepted Government Auditing Standards (GAGAS).
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud.
- Our audit includes consideration of internal controls over financial reporting, but we do not express an opinion on the effectiveness of such internal controls. Management is responsible for the design and the effectiveness of internal controls.



Financial Statements Audit Reports

Independent Auditor's Report on the financial statements as of and for the year ending June 30, 2023

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

Required Communications to Those Charged with Governance





Other Reporting- Compliance

Uniform Guidance Report

Independent Auditor's Report on Compliance for Each Major Federal Program. Report on Internal Control Over Compliance. Report on Schedule of Expenditures of Federal Awards.

Major Federal Programs

-Coronavirus State and Local Fiscal Recovery Funds (AL# 21.027).

Audit Results

Financial Statement Audit Reports



- Independent Auditor's Report on the financial statements as of and for the year ending June 30, 2023

Entities	Issued Opinion
City of Las Vegas	Unmodified

During the year ended June 30, 2023 the City adopted new accounting guidance for:

- *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Arrangements. The adoption resulted in recording PPP receivable, a right-to-use PPP asset and deferred inflows of resources related to PPPs. There was no impact to fund balance or net position as of July 1, 2022, as a result of adoption.*
- *GASB Statement No. 96, Subscription-Based IT Arrangements (SBITA). The adoption resulted in recording a right-to-use subscription asset and payable. There was no impact to fund balance or net position as of July 1, 2022, as a result of adoption.*

Other Reporting- Compliance

Uniform Guidance Report

- 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*.
 - No instances of non-compliance or other matters
 - Two significant deficiencies
- Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance.
 - No significant deficiency or material weakness noted.



Internal Controls - Financial Reporting

- **Finding 2023-001: Ground Emergency Medical Transportation (GEMT) Revenue Recognition – Significant Deficiency**

Condition: Management originally accounted for GEMT transactions as revenue upon receipt of related reimbursements instead of when the City incurred eligible expenditures.

Effect: Management posted correcting entries of \$71.6m to increase Governmental activities intergovernmental revenue and receivable and to increase General fund intergovernmental receivable and unavailable revenue.

- **Finding 2023-002 – Revenue Recognition under Modified Accrual Basis of Accounting – Significant Deficiency**

Condition: Management originally did not record revenue within the Multipurpose special revenue fund that met applicable recognition criteria while also being collected within the availability period for the City's governmental funds.

Effect: Management posted correcting entries of \$2.7m to decrease Multipurpose special revenue fund unavailable revenue and increase revenue.

Required Communications

Required Communications

- Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in footnote 1 of each report.
- Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.



Required Communications

- Adoption of New Accounting Standards:
 - GASB 91 – Conduit Debt Obligations
 - GASB 94 – Public Private Partnerships and Availability Payment Arrangements
 - GASB 96 – Subscription-Based Information Technology Arrangements
 - GASB 99 – Omnibus (except paragraphs 26-32 effective upon issuance May 2022 and paragraphs 4-10 effective FY24)
 - Implementation Guide 2020-1 (Certain Questions)
 - Implementation Guide 2021-1 (except Question 4.22 and 5.1)



Required Communications

- Corrected Misstatements: We proposed the following audit adjustments which were corrected by management:
 - \$71.6m audit adjustment to Governmental activities for intergovernmental revenue and receivable and to the General fund for intergovernmental receivable and unavailable revenue.
 - \$2.7m audit adjustment to the Multipurpose special revenue fund for Unavailable revenue and revenue.
- Uncorrected Misstatements: Uncorrected misstatements identified during the audit were deemed immaterial by management and were summarized as an attachment to management's representation letter to the auditors.



Required Communications

We did not note:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters





Thank You

Katherine V. Lai, CPA, CGMA

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