

City of Carson City
Agenda Report

Item # 8-1c

Date Submitted: 1/12/10

Agenda Date Requested: 1/21/10

Time Requested: Consent Agenda

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: Action to adopt the Carson City Plan of Corrective Action for FY 08-09 statutory violation included in the annual audit.

Staff Summary: Within 60 days after the delivery of the annual audit to the local government, the governing body shall advise the Department of Taxation what action has been taken to prevent recurrence of each violation of law or regulation included in the annual audit.

Type of Action Requested: (check one)

☐ Resolution

☐ Ordinance

☒ Formal Action/Motion

☐ Other (Specify)

Does this action require a Business Impact Statement: () Yes (XX) No

Recommended Board Action: I move to adopt the Carson City Plan of Corrective Action for FY 08-09 statutory violations included in the annual audit.

Explanation of Recommended Board Action: Per NRS 354.6245, within 60 days after the delivery of the annual audit to the local government, the governing body shall advise the Department of Taxation what action has been taken to prevent recurrence of each violation of law or regulation included in the annual audit. The attached proposed plan of corrective action will serve as a means to comply with State law.

Applicable Statute, Code, Policy, Rule or Regulation: Nevada Revised Statute 354.6245

Fiscal Impact: n/a

Explanation of Impact: n/a

Funding Source: n/a

Supporting Material: Plan of Corrective Action

Alternatives: Revise the Plan of Corrective Action

Prepared By: Nick Providenti

Reviewed By :

(Department Head)

(City Manager)

(District Attorney)

(Finance Director)

Date:

Date:

Date:

Date:

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)



CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

MEMO TO: Board of Supervisors
Larry Werner, City Manager

FROM: Nick Providenti, Finance Director *NWP*

DATE: January 12, 2010

SUBJECT: Plan of Corrective Action for FY 08-09 Statutory Violations

As presented to you by Kafoury, Armstrong and Co., there were five apparent violations of NRS 354.626 noted in the City's FY 08-09 annual audit relative to the excess of expenditures over appropriations in certain funds. The following explanations and corrective actions are offered in response to those statutory violations:

- Actual expenditures exceeded appropriations in the Judicial Function of the General Fund by \$8,455. Amounts were expended late in the year for a new Felony DUI court that was not budgeted. There was plenty of revenue to offset the expenditures, but since this happened after our analysis was done in reviewing budget augmentations, the amount did not get augmented. In the future, the Finance Department will take more care to ensure the proper amounts get augmented.
- Actual expenses exceeded appropriations in the Sewer Enterprise Fund by \$770,727. The bulk of the amount (\$665,000) was due to non cash expenses which are calculated after year end - \$565,000 was an abandonment of fixed assets - specifically the Darling Ranch Irrigation Project, \$50,000 was an increase in depreciation expense and \$50,000 was an increase in Other Post Employment Benefits (OPEB) which is based on an actuarial study that we didn't receive until after year end. The remaining amounts were services and supplies expenses consisting mainly of increased chemical costs and facility repair and maintenance costs. In the future, the Finance Department will take more care to ensure the proper amounts get augmented.
- Actual expenses exceeded appropriations in the Water Enterprise Fund by \$244,976. The bulk of the amount (\$159,000) was due to non cash expenses which are calculated after year end - \$101,000 was an increase in depreciation expense and \$58,000 was an increase in OPEB amounts. The remaining amounts were services and supplies expenses consisting mainly of increased water charges paid to the state. In the future, the Finance Department will take more care to ensure the proper amounts are augmented.

DEPARTMENT OF FINANCE

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- Actual expenses exceeded appropriations in the Stormwater Drainage Enterprise Fund by \$102,812. The bulk of the amount (\$87,000) consisted of increases in salaries and benefits costs from the moving of people to the Stormwater Drainage Fund from the Streets Fund and the associated increases in booking noncash compensated absences at year end. The remaining minor amounts were from various services and supplies accounts . In the future, the Finance Department will take more care to ensure the proper amounts are augmented.
- Actual expenses exceeded appropriations in the Ambulance Enterprise Fund by \$535,655. Most of the amount was due to non cash expenses - bad debt expense of \$382,000, which is calculated after year end and is based on a percentage of Ambulance Fees, which also increased and \$123,000 in OPEB amounts. The remaining minor amounts were from various services and supplies accounts . In the future, the Finance Department will take more care to estimate Ambulance Fees and the corresponding bad debt expenses prior to year end and to ensure the proper amounts are augmented.

If you have any questions, please do not hesitate to contact me.