

**Carson City
Agenda Report**

Date Submitted: 12/10/2013

Agenda Date Requested: 12/19/13

Time Requested: 5 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: Action to adopt the Carson City Plan of Corrective Action for the FY 12-13 statutory violations included in the annual audit. (Nick Providenti)

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 the FY 12-13 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:

12/10/13

Date:

12/10/13

Date:

12/10/13

Date:

12/10/13

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

MEMO TO: Board of Supervisors
Larry Werner, City Manager

FROM: Nick Providenti, Finance Director

DATE: December 3, 2013

SUBJECT: Plan of Corrective Action for FY 12-13 Statutory Violations

As presented to you by Kafoury, Armstrong and Co., there were two apparent violations of NRS 354.626 noted in the City's FY 12-13 annual audit relative to the excess of expenditures over appropriations in the Workers' Compensation and Sewer Funds. The following explanation and corrective action is offered in response to the statutory violations:

- Actual expenses exceeded appropriations in the Workers' Compensation Internal Service Fund by \$255,194. This was the result of quite a few workers being injured during FY 13, especially the first half of 2013. At June 30, 2013, we had to increase our claims liability by \$223,000 based on the calculation of estimated future claims. The offset to this entry required a non cash increase to the claims expense line item. In addition, after final augmentations were prepared we received unanticipated invoices of \$23,358 from the State of Nevada for the FY 2012 final annual assessment calculation and \$18,500 for a heart / lung actuarial valuation. In the future, the Finance Department will run workers' compensation claim reports prior to preparation of the year end augmentation to better estimate the claims liability amounts at year end.
- Actual expenses exceeded appropriations in the Sewer Enterprise Fund by \$149,398. This was the result of an increase in depreciation expense (a non cash expense) during FY 13. The FY 13 Sewer Fund depreciation budget was calculated based on prior year actuals and by estimating the amount of capital assets that would begin depreciating in FY13. Approximately \$5.6 million in Sewer Fund capital asset additions began depreciating during FY 13. This was much higher than originally estimated due to various projects being completed sooner than anticipated. This was not augmented prior to fiscal year end as we were unable to re-estimate depreciation expense because we were in the middle of converting to a new capital asset program. In the future, the Finance Department will re-estimate depreciation expense prior to the final budget augmentation for the fiscal year.

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