CARSON CITY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

Section II - Findings Relating to the Financial Statement Audit Reported in Accordance with Generally Accepted Governmental Auditing Standards (GAGAS):

Finding 2015-A Other Post-Employment Benefits Estimate Significant Deficiency

Criteria: The internal control structure for financial reporting should include procedures to

ensure that accurate information is provided to the actuary who prepares the postemployment health care liability calculation to ensure an accurate liability estimate

is calculated.

Condition: During the audit, it was noted that 11 employees were excluded from the data

provided to the actuary.

Effect: Inaccurate data was provided to the actuary, which resulted in an inaccurate

estimate of the post-employment health care liability at year end.

Cause: The internal controls in place over the preparation of data provided to the actuary

were not operating effectively and did not ensure accurate data was provided.

Recommendation: We recommend the City enhance the operating effectiveness of the internal

controls over the preparation of data provided to the actuary who calculates the post-employment health care liability calculation to ensure an accurate liability

estimate is calculated.

Management's Response: Employees are classified into different group plans in the payroll system based on

the collective bargaining agreement, resolution, or administrative order under which they are covered. During FY 15, two new group plans were added, one for Juvenile Probation Officers, Marshals and Bailiffs per Administrative Order of the Courts and the other under a collective bargaining agreement with the Fraternal Order of Police (Alternative Sentencing Officers). When queries were run for the actuary, these new group plans were inadvertently excluded. In the future, we will

run a report of all group plans to ensure that no employees are excluded from the

information provided to the actuary.

LATE MATERIAL

MEETING DATE 12/17/15

ITEM # 148