



December 10, 2018

Ms. Kelly Langley, Analyst
Nevada Department of Taxation
Local Government Budget Section
1550 E College Parkway, Ste 115
Carson City, NV 89706-7937

Dear Ms. Langley,

In response to our auditors' conclusion regarding the City of Sparks' compliance with Nevada Revised Statutes and Administrative Code, we offer the following plan of corrective action for those specific exceptions noted in Note 2 on pages 51 & 52 of our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018.

Note 2 – Compliance with Nevada Revised Statutes and Administrative Code

The City conformed to all significant statutory constraints in its financial administration during the year, with the following exception for an apparent violation of NRS 354.626:

Actual expenditures exceeded those budgeted for the year in the culture and recreation function of the Parks and Recreation Program Fund by \$72,377.

Corrective Plan:

The City puts forth diligent effort to assure compliance with NRS and NAC. However, the code imposes restrictions on budget augmentations. In fiscal year 2018, the City underestimated the amount of retirement expenditures related to temporary employees that would be recorded within the Parks and Recreation Fund and due to restrictions on budget augmentations was unable to augment the budget. Henceforth, the City will employ a more conservative method of projecting the number of temporary personnel that will work more than the allowed hours and thus trigger a requirement for all hours worked in the fiscal year to be eligible for Public Employee Retirement System pension benefits.

This plan was approved by Sparks Council on December 10, 2018. The City of Sparks corrective plan of action includes continuously monitoring expenditures to ensure adequate resources are available to cover current year activities, and we are confident that this plan will continue to be successful. Please contact me if there are any questions on these compliance issues.

Sincerely,

Jeff Cronk, CPA
Financial Services Director