



December 14, 2020

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 49 & 50 of our Comprehensive Annual Financial Report (CAFR) that were not specifically excluded under NRS 354.626 paragraph 2 for the fiscal year ended June 30, 2020.

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 community support function of the General Fund by \$56,584.

Corrective Plan:

The City puts forth diligent effort to assure compliance with NRS and NAC. The code imposes restrictions on functional budget transfers which limit the time available to correct a potential budget violation regardless of whether sufficient excess appropriations are available in other functions. However, expenditures can be posted back to June 30th as late as August 31st. Posting expenditures after June 30th is a normal accounting practice; however, the requirement to obtain Council approval prior to June 30th becomes problematic. This particular type of violation happens occasionally, and strict compliance is difficult for all Nevada local governments. In fiscal year 2020, the City had additional spending for the Community Assistance Center (CAC), homeless shelter, and a grant refund which resulted in an over budget situation within the community support function. However, the City's budget team continually works with all City departments to increase their efforts to manage this structurally difficult timing issue.

This plan was approved by Sparks Council on December 14, 2020. 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,

A handwritten signature in black ink that reads "Jeff Cronk".

Jeff Cronk, CPA
Chief Financial Officer