

**Carson City Visitors Bureau
Agenda Report**

Date Submitted: 11/09/16

Agenda Date Requested: 11/14/16

Time Requested: 15 Minutes

To: Carson City Visitors Bureau - Board of Directors

From: Joel Dunn, Executive Director

Subject Title: Approval to accept the FY16 CCVB audit report.

Staff Summary: The FY16 audit report for the CCVB will be provided by Kohn & Company, LLP.

Type of Action Requested:

Resolution

Ordinance

Formal Action/Motion

Other (Specify) Presentation Only

Recommended Board Action: I move to approve the Carson City Visitors Bureau's audit report for FY16.

Applicable Statute, Code, Policy, Rule or Regulation: n/a

Fiscal Impact: n/a

Explanation of Impact: n/a

Funding Source: n/a

Supporting Material: FY16 CCVB Independent Audit Report (Kohn & Company LLP)

Prepared By: Joel Dunn, Executive Director



October 25, 2016

Board of Directors
Carson City Visitors Bureau
716 North Carson Street
Carson City, Nevada 89701

We have audited the financial statements of the governmental activities and the fund information of Carson City Visitors Bureau (Bureau) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated May 2, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bureau are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Bureau during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Bureau's financial statements are the estimate on the lives of assets that are being depreciated and the net future pension liability. Management's estimate of the lives of assets being depreciated is based on staff's estimate of the useful lives for each specific asset and the net pension liability has been provided by Carson City via PERS. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the lease, commitments, and contingencies, the concentrations and the pension disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The primary material adjustments proposed relate to adjustments to reconcile amounts between fund accounting and the government-wide basis. We did pass on recording a correction on an overstatement in accounts payable of \$4,308 and an understatement in room taxes receivable of \$986.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

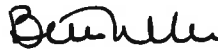
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Carson City Visitors Bureau and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KOHN & COMPANY LLP



Beth Kohn-Cole, CPA, CGMA



CARSON CITY VISITORS BUREAU

FINANCIAL STATEMENTS

JUNE 30, 2016

CARSON CITY VISITORS BUREAU
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Carson City Visitors Bureau

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of Carson City Visitors Bureau (Bureau) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Bureau, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 3-6, 25, and 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required management discussion and analysis and pension information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

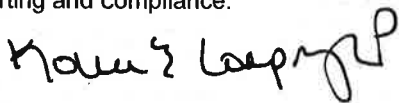
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bureau's basic financial statements. The capital project fund budget to actual statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budget to actual statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, on our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bureau's internal control over financial reporting and compliance.



Reno, Nevada
October 25, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

**Carson City Visitors Bureau
Management's Discussion and Analysis
June 30, 2016**

The Carson City Visitors Bureau (Bureau) provides this discussion and analysis of the Bureau's Component Unit Financial Report for readers of the Bureau's financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2016.

Financial Highlights

- ◆ The assets and deferred outflows exceeded liabilities and deferred inflows at the close of the current fiscal year by \$837,008. Of this amount \$91,105 is *unrestricted net position* that may be used to meet the Bureau's ongoing obligations to citizens and creditors.
- ◆ The Bureau's *total net position* increased by \$62,412 during the current year. Capital assets, a component of *total net position*, decreased by \$4,274.
- ◆ At the end of the current fiscal year, the Bureau's *governmental funds* reported combined total ending fund balances of \$1,244,261 an increase of \$130,921 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Carson City Visitors Bureau's financial statements. The Bureau's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Bureau's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Bureau's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Bureau is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bureau, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Bureau has only governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. They focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirement.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Bureau's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenue, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Bureau maintains three governmental funds. Information is presented separately in the governmental fund *balance sheet* and in the governmental fund *statement of revenue, expenditures, and changes in fund balances* for the general fund and the two capital project funds, both of which are restricted for capital projects or bond payments on the V&T Bonds issued by Carson City. 4% of the transient lodging tax goes into these funds.

**Carson City Visitors Bureau
Management's Discussion and Analysis (Continued)
June 30, 2016**

The Bureau adopts annual appropriated budgets for its funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the Bureau's Funds

The Bureau's overall financial position and operations for the past are summarized as follows based on the information included in the government-wide financial statements:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets		
Current and other assets	\$ 1,350,518	\$ 1,205,759
Net capital assets	<u>81,317</u>	<u>85,591</u>
Total assets	<u>1,431,835</u>	<u>1,291,350</u>
Deferred outflows	72,477	202
Liabilities		
Current liabilities	106,257	92,419
Long-term liabilities	<u>503,626</u>	<u>395,863</u>
Total liabilities	<u>609,883</u>	<u>488,282</u>
Deferred inflows	<u>57,421</u>	<u>28,674</u>
Net Position		
Invested in capital assets	81,317	85,591
Restricted	664,586	572,624
Unrestricted	<u>91,105</u>	<u>116,381</u>
Total net position	<u>\$ 837,008</u>	<u>\$ 774,596</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenue		
Sales	\$ 33,658	\$ 27,100
Operating grants and contributions	33,433	62,985
General revenue		
Transient lodging taxes	1,516,898	1,422,989
Interest income	12,008	7,094
Miscellaneous	8,847	-
Gain on sale of building	-	<u>23,567</u>
Total revenue	<u>1,604,844</u>	<u>1,543,735</u>
Expenses		
General government	725,973	454,282
Culture and recreation	247,393	362,787
General Fund - Park and Recreation	70,600	73,440
Administrative services	50,011	42,571
V&T Capital Project Fund	152,078	146,318
Capital Project Fund	<u>296,377</u>	<u>302,837</u>
Total expenses	<u>1,542,432</u>	<u>1,382,235</u>
Changes in net position	<u>\$ 62,412</u>	<u>\$ 161,500</u>

**Carson City Visitors Bureau
Management's Discussion and Analysis (Continued)
June 30, 2016**

General Fund Budgetary Highlights

Transient lodging taxes are the general fund's primary sources of revenue (92%). In the current year, room tax revenue in the general fund increased \$48,267 or 5.8%. Expenditures were within the augmented budget.

Capital Asset and Debt Administration

Capital Assets. At year-end, the Bureau's investment in capital assets from its governmental activities totaled \$81,317. Capital assets consist of the marketing van, revamped web site, tenant improvements, office equipment, a trailer, and signs.

Long Term Debt. Although the Bureau does not reflect any bond debt on its financial statements, it is committed to utilize 4% of the transient lodging taxes it collects to pay Carson City to service the debt that was incurred to build the Virginia & Truckee Railroad.

Economic Factors and Next Year's Budget and Rates

Special events and sports tourism continue to drive significant room nights. All indications show a positive outlook for the economic engine of tourism in Carson City for 2016-2017. On May 15, 2016, the Carson City Board of Supervisors adopted ordinance 2016-106 adding a one (1%) percent room tax rate to be used primarily for the implementation of the Carson City Arts & Cultural Master Plan, Cultural Tourism Campaign effective July 1, 2016. This additional tax expires on June 1, 2021.

Requests for Information

This financial report is designed to provide a general overview of the Carson City Visitors Bureau finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Carson City Visitors Bureau, 716 North Carson Street, Carson City, Nevada 89701.

BASIC FINANCIAL STATEMENTS

CARSON CITY VISITORS BUREAU
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,126,271
Lodging taxes receivable	191,484
Grants receivable	24,500
Inventory	8,263
Capital assets, net of accumulated depreciation	81,317
Total assets	1,431,835
 DEFERRED OUTFLOWS OF RESOURCES - PENSION REQUIREMENT	
Total assets and deferred outflows of resources	72,477
	1,504,312
 LIABILITIES	
Current liabilities	
Accounts payable	66,077
Accrued expenses	23,180
Due to other governments	17,000
Noncurrent liabilities:	
Accrued compensated absences	67,883
Net pension liability	435,743
Total liabilities	609,883
 DEFERRED INFLOWS OF RESOURCES - PENSION REQUIREMENT	
Total liabilities and deferred inflows of resources	57,421
	667,304
 NET POSITION	
Invested in capital assets, net of related debt	81,317
Restricted for:	
Bond payments	669,837
Unrestricted, undesignated	85,854
Total net position	\$ 837,008

See accompanying notes

CARSON CITY VISITORS BUREAU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenue		
Expenses	Sales	Operating Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
General government	\$ 462,185	\$ -	\$ 33,433
Culture and recreation	511,181	33,658	8,847
Intergovernmental	569,066	-	-
Total governmental activities	\$ 1,542,432	33,658	42,280
			(1,466,494)
		General revenue	
		Room tax	1,516,898
		Interest income	12,008
		Total general revenue	1,528,906
		Change in net position	62,412
		Net position July 1, 2015	774,596
		Net position June 30, 2016	\$ 837,008

See accompanying notes

CARSON CITY VISITORS BUREAU
BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION
OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

	General Fund	Capital Projects Fund	V & T Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 533,028	\$ 65,933	\$ 527,310	\$ 1,126,271
Lodging taxes receivable	114,890	38,297	38,297	191,484
Grants receivable	24,500	-	-	24,500
Inventory	8,263	-	-	8,263
Total assets	\$ 680,681	\$ 104,230	\$ 565,607	\$ 1,350,518
LIABILITIES				
Accounts payable	\$ 66,077	\$ -	\$ -	\$ 66,077
Accrued expenses	23,180	-	-	23,180
Due to other governments	17,000	-	-	17,000
Total liabilities	106,257	-	-	106,257
FUND BALANCE AND OTHER CREDITS				
Nonspendable - inventory	8,263	-	-	8,263
Restricted				
V & T project	-	-	565,607	565,607
Capital project	-	104,230	-	104,230
Committed				
Operating reserve	150,000	-	-	150,000
Assigned				
Subsequent year expenditures	17,232	-	-	17,232
Unassigned	398,929	-	-	398,929
Total fund balance and other credits	574,424	104,230	565,607	1,244,261
Total liabilities, fund balance and other credits	\$ 680,681	\$ 104,230	\$ 565,607	\$ 1,350,518

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

Fund balance and other credits - governmental funds	\$ 1,244,261
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not in the governmental funds.	
Governmental capital assets	92,211
Less accumulated depreciation	(10,894)
Deferred outflows of resources - pension requirement are not financial resources, and, therefore, are not in the governmental funds.	72,477
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Noncurrent accrued compensated absences	(67,883)
Net pension liability	(435,743)
Deferred inflows of resources - pension requirement are not financial resources, and, therefore, are not in the governmental funds.	(57,421)
Net position of governmental activities	\$ 837,008

See accompanying notes

CARSON CITY VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS AND RECONCILIATION
OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Projects Fund	V&T Capital Projects Fund	Total Governmental Funds
REVENUE				
Room taxes	\$ 874,034	\$ 321,432	\$ 321,432	\$ 1,516,898
Intergovernmental revenue	33,433	-	-	33,433
Sales	33,658	-	-	33,658
Miscellaneous	8,847	-	-	8,847
Investment income	4,009	324	7,675	12,008
Total revenue	<u>953,981</u>	<u>321,756</u>	<u>329,107</u>	<u>1,604,844</u>
EXPENDITURES				
Current				
General government	393,676	-	-	393,676
Culture and recreation	511,181	-	-	511,181
Intergovernmental	120,611	323,455	125,000	569,066
Total expenditures	<u>1,025,468</u>	<u>323,455</u>	<u>125,000</u>	<u>1,473,923</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	105,195	-	(105,195)	-
Change in fund balances	33,708	(1,699)	98,912	130,921
FUND BALANCE, July 1	<u>540,716</u>	<u>105,929</u>	<u>466,695</u>	<u>1,113,340</u>
FUND BALANCE, June 30	<u>\$ 574,424</u>	<u>\$ 104,230</u>	<u>\$ 565,607</u>	<u>\$ 1,244,261</u>

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Net change in fund balance and other credits - governmental funds	\$ 130,921
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:	
Plus capital assets purchased in the current year	2,173
Less current year depreciation	<u>(6,447)</u>
	(4,274)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in long-term accrued compensated absences	(12,898)
Pension expense - difference between actuarially determined liability and actual contributions made.	<u>(51,337)</u>
Change in net position of governmental activities	<u>\$ 62,412</u>

NOTES TO FINANCIAL STATEMENTS

CARSON CITY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Carson City Visitors Bureau's (Bureau), previously the Carson City Convention & Visitor's Bureau, financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

The financial statements present the financial position and results of operations of those funds under the direct jurisdiction of the Board of Directors of the Bureau. The Bureau is not considered to be financially accountable for any other governmental entity since no other entities are considered to be controlled by or dependent on the Bureau. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board. The Bureau's financial statements are included in the general-purpose financial statements of Carson City. The Bureau is independent in its management and operations but significantly influenced by Carson City through its funding. Therefore, the Carson City Visitors Bureau is considered a component unit of Carson City for financial reporting purposes.

Basic Financial Statements – Government-Wide Statements

The basic financial statements include both government-wide and fund financial information. The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Basic Financial Statements - Fund Accounting

The financial transactions of the Bureau are reported in the general fund, capital projects fund, and enterprise fund. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. The Bureau's funds are governmental funds. Governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. The recorded fund balance (net current assets) is considered a measure of "available spendable resources". Operating statements for governmental funds present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Bureau maintains its accounting records for its governmental fund types on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when measurable and available to finance expenditures of the fiscal period. Available is defined as being due and collected within the current period or within 60 days after fiscal year end. When revenue is due, but will not be collected within 60 days, the receivable is recorded and an offsetting deferred revenue account is established.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires the Board to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and

CARSON CITY VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Research Bulletins issued on or before November 30, 1989. Accordingly, the Bureau has not applied FASB pronouncements issued after that date.

Budgets and Budgetary Accounting

The Bureau adheres to the Local Government Act incorporated within the Statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data that is reflected in these financial statements:

1. On or before April 15, the members of the Board of the Carson City Visitors Bureau file a tentative budget with the Nevada Department of Taxation for all funds.
2. Public hearings on the tentative budget are held on the third Thursday in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board.
4. Formal budgetary integration in the financial records for all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Appropriations lapse at year end.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the amounts originally budgeted. Such transfers are to be approved by the Board, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without public notice and the prior approval of the Board.

In accordance with State Statute, actual expenditures may not exceed budgeted appropriations in the government function categories of the General Fund, except as specifically permitted in NRS 354.626.

An encumbrance system is not utilized by the Bureau.

Cash

Cash balances are invested as permitted by law. Investments are recorded at cost, which approximates fair value. Pursuant to NRS 355.170 and 355.167, the Bureau may only invest in the following types of securities:

- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten years from the date of purchase.
- Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.
- Certain securities issued by local governments of the State of Nevada.

Grants and Lodging Taxes Receivable

No allowances for doubtful accounts have been established since management does not anticipate any material collection loss with respect to the balances shown as receivables.