

Financial Statements

June 30, 2022

**Carson City Culture and Tourism
Authority**

Carson City Culture and Tourism Authority

Table of Contents

June 30, 2022

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	10
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds	13
Notes to Financial Statements.....	14
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund Department of Taxation Format.....	31
Schedule of Changes in the Authority’s Total OPEB Liability.....	32
Schedule of the Authority’s Proportionate Share of the Net Pension Liability.....	33
Schedule of the Authority’s Contributions.....	34
Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund.....	35
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - V&T Capital Projects Fund.....	36
Compliance Section	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Auditors’ Comments	39

Casey Neilson, Inc.
Accountants and Advisors

Independent Auditors' Report

To the Board of Directors of
Carson City Culture and Tourism Authority
Carson City, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the fund information of Carson City Culture and Tourism Authority (fka Carson City Visitors Bureau) ("Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Carson City Culture and Tourism Authority, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Carson City Culture and Tourism Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carson City Culture and Tourism Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carson City Culture and Tourism Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carson City Culture and Tourism Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, pension information and other postemployment benefit information on pages 4 - 7, 31, 32, 33 and 34, 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 supplementary 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 general fund 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 general fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying fund financial statements and the capital project funds budget to actual statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements and the capital project funds budget to actual statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Carson City Culture and Tourism Authority's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the Authority'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 the effectiveness of Carson City Culture and Tourism Authority's 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 Authority's internal control over financial reporting and compliance.



Carson City, Nevada
October 26, 2022

Carson City Culture and Tourism Authority

Management's Discussion and Analysis

June 30, 2022

The Carson City Culture and Tourism Authority (fka Carson City Visitors Bureau) ("Authority") provides this discussion and analysis of the Authority's Component Unit Financial Report for readers of the Authority's financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2022.

Financial Highlights

- The assets and deferred outflows exceeded liabilities and deferred inflows at the close of the current fiscal year by \$1,215,191. There is a profit in the unrestricted net position of \$563,483.
- The Authority's total net position increased by \$591,887 during the current year. Capital and right to use leased assets, net of related debt, a component of total net position, decreased by \$4,962.
- At the end of the current fiscal year, the Authority's governmental funds reported combined total ending fund balances of \$2,639,630, an increase of \$551,548 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 Culture and Tourism Authority's financial statements. The Authority'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 Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority'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 Authority 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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority 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 Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Carson City Culture and Tourism Authority

Management's Discussion and Analysis

June 30, 2022

The Authority maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, 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. 2% of the transient lodging tax goes into these funds.

The Authority 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 Authority's Funds

The Authority'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, 2022</u>	<u>June 30, 2021</u>
Assets		
Current and other assets	\$ 2,797,480	\$ 2,218,932
Net capital assets	45,296	46,051
Right to use assets	128,169	-
Total assets	<u>2,970,945</u>	<u>2,264,983</u>
Deferred outflows	<u>546,139</u>	<u>360,589</u>
Total assets and deferred outflows	<u>3,517,084</u>	<u>2,625,572</u>
Liabilities		
Current liabilities	223,303	130,850
Long-term liabilities	1,219,652	1,733,081
Total liabilities	<u>1,442,955</u>	<u>1,863,931</u>
Deferred inflows	<u>859,038</u>	<u>138,337</u>
Net Position		
Invested in capital assets	41,089	46,051
Restricted	610,619	545,983
Unrestricted profit (deficit)	563,483	31,270
Total net position	<u>\$ 1,215,191</u>	<u>\$ 623,304</u>

Carson City Culture and Tourism Authority

Management's Discussion and Analysis

June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenue		
Operating grants and contributions	\$ (27,963)	\$ 255,369
General revenue		
Transient lodging taxes	2,769,927	2,118,242
Interest income	22,422	27,316
Total revenue	<u>2,764,386</u>	<u>2,400,927</u>
Expenses		
General government	514,560	558,112
Culture and recreation	918,118	667,930
Administrative services and governmental	674,821	705,922
Capital Projects Fund	65,000	65,000
Total expenses	<u>2,172,499</u>	<u>1,996,964</u>
Changes in net position	<u>\$ 591,887</u>	<u>\$ 403,963</u>

General Fund Budgetary Highlights

Transient lodging taxes are the general fund's primary sources of revenue (95%). In the current year, room tax revenue in the general fund, including the transfer in from the V&T Capital Projects fund of 2% for marketing, increased by \$400,811 or 30.7%. Total expenditures were less than the budget by \$408,224 primarily related to less services and supplies and intergovernmental expenses.

Capital Asset and Debt Administration

Capital Assets. At year-end, the Authority's investment in capital assets from its governmental activities totaled \$45,296. Capital assets consist of the revamped web site, tenant improvements, office equipment, and signs.

Long Term Debt. Although the Authority does not reflect any bond debt on its financial statements, it is committed to utilize 2% 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

Fiscal year 2022 was one for the record books from a taxable lodging revenue perspective. A new fiscal year record was collected, besting the previous record back in fiscal year 2018. At the conclusion of fiscal year 2022, all but one month were individual records for monthly collections. Demand from the domestic leisure traveler as well as the business traveler was truly incredible along with the return of travelers from certain international markets, resulting in significant increases in ADR and REVPAR for Carson City lodging properties.

Adding in gaming, food and beverage, recreation and retail revenue, visitors were fully invested in Carson City in 2021. This number beat the previous record set in 2019. Tremendous pent-up demand to escape from one's home, combined with the easing of COVID restrictions in the U.S. and abroad, were certainly contributing factors to these record-breaking numbers for Carson City's tourism industry.

There are still some challenges ahead but opportunity awaits. On the business travel front, a broader range of younger families and older couples continues to emerge, officially ushering in the new "bleisure" segment. Stay duration is expected to increase and the future could include business travel for people going into the office anywhere in the world, with the "remote" nature of work, albeit, with somewhat of a tempered expectation relative to the year before. Still front and center, the "workcation" most definitely blurs the lines between traveling, living and working.

Carson City Culture and Tourism Authority

Management's Discussion and Analysis

June 30, 2022

Staffing challenges for local tourism businesses from lodging properties and casinos to restaurants and bars to museums and galleries as well as recreation outfitters continue to be a major issue for these businesses. This is reflected in calendar year 2021's total tourism employment figure of just over 3,600 workers, down from 2019's 4,000 plus high point. The visitor experience still suffers as a result, due to intermittent closures of these businesses/attractions or limited hours in many cases, due to a lack of staff.

Visit Carson City continued to invest in the visitor experience during fiscal year 2022 by working with our regional tourism partners through familiarization (FAM) tours and resuming participation in domestic and international trades shows, marketplaces and sales missions. On the events front, different sports-related events were attracted to Carson City along with new non-sports related events. For three-quarters of the fiscal year, extensive strategic research led to the development and June deployment of a new, first-ever, fully integrated marketing campaign, based on a "nostalgia" concept.

Requests for Information

This financial report is designed to provide a general overview of the Carson City Culture and Tourism Authority 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 Culture and Tourism Authority, 716 North Carson Street Suite 100, Carson City, Nevada 89701.

Carson City Culture and Tourism Authority

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and investments	\$ 2,406,359
Lodging taxes receivable	354,270
Grants receivable	30,000
Prepaid expenses	6,851
Capital assets, net of accumulated depreciation	45,296
Right to use leased asset, net of accumulated amortization	128,169
Total assets	2,970,945
Deferred Outflows of Resources	
Pension requirement	329,025
Other postemployment benefits	217,114
Total deferred outflows of resources	546,139
Total assets and deferred outflows of resources	3,517,084
Liabilities	
Current liabilities	
Accounts payable	106,077
Intergovernmental payable	22,321
Accrued expenses	29,452
Lease liability	65,353
Noncurrent liabilities	
Accrued compensated absences	56,696
Lease liability	67,023
Net pension liability	550,623
Other postemployment benefits obligation	545,310
Total liabilities	1,442,855
Deferred Inflows of Resources	
Pension requirement	435,613
Other postemployment benefits	423,425
Total deferred inflows of resources	859,038
Total liabilities and deferred inflows of resources	2,301,893
Net Position	
Invested in capital and right of use assets, net of related debt	41,089
Restricted for:	
Bond payments	322,658
V&T Railroad	287,961
Unrestricted, undesignated	563,483
Total Net Position	\$ 1,215,191

Carson City Culture and Tourism Authority

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue		Total Governmental Activities
		Sales	Operating Grants and Contributions	
Primary government				
Governmental activities				
General government	\$ 514,560	\$ -	\$ 57,500	\$ (457,060)
Culture and recreation	918,118	-	(85,463)	(1,003,581)
Intergovernmental	739,821	-	-	(739,821)
Total governmental activities	\$ 2,172,499	\$ -	\$ (27,963)	(2,200,462)
General revenue				
Room tax				2,769,927
Interest income				22,422
Total general revenue				2,792,349
Change in Net Position				591,887
Net Position, Beginning of Year				623,304
Net Position, End of Year				\$ 1,215,191

Carson City Culture and Tourism Authority

Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Capital Projects Fund	V&T Capital Projects Fund	Total Governmental Funds
Assets				
Cash and investments	\$ 1,803,426	\$ 318,815	\$ 284,118	\$ 2,406,359
Lodging taxes receivable	376,584	3,843	3,843	384,270
Prepaid expenses	6,851	-	-	6,851
Total assets	\$ 2,186,861	\$ 322,658	\$ 287,961	\$ 2,797,480
Liabilities				
Accounts payable	\$ 106,077	\$ -	\$ -	\$ 106,077
Accrued expenses	51,773	-	-	51,773
Total liabilities	157,850	-	-	157,850
Fund Balance and Other Credits				
Restricted				
V & T project	-	-	287,961	287,961
Committed				
Bond payments	-	322,658	-	322,658
Unassigned	2,029,011	-	-	2,029,011
Total fund balance and other credits	2,029,011	322,658	287,961	2,639,630
Total Liabilities, Fund Balance and Other Credits	\$ 2,186,861	\$ 322,658	\$ 287,961	\$ 2,797,480

Carson City Culture and Tourism Authority

Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds

Year Ended June 30, 2022

Fund balance and other credits - governmental funds	\$ 2,639,630
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	59,953
Less accumulated depreciation	(14,657)
Right to use lease asset	307,073
Less accumulated depreciation	(178,904)
Deferred outflows of resources are not financial resources, and, therefore, are not in the governmental funds:	
Pension requirement	329,025
Other postemployment benefits obligation	217,114
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	(56,696)
Lease liabilities	(132,376)
Net pension liability	(550,623)
Other postemployment benefits obligation	(545,310)
Deferred inflows of resources are not financial resources, and, therefore, are not in the governmental funds:	
Pension requirement	(435,613)
Other postemployment benefits obligation	(423,425)
Net Position of Governmental Activities	<u>\$ 1,215,191</u>

Carson City Culture and Tourism Authority

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2022

	General Fund	Capital Projects Fund	V&T Capital Projects Fund	Total Governmental Funds
Revenue				
Room taxes	\$ 1,704,531	\$ 532,698	\$ 532,698	\$ 2,769,927
Intergovernmental revenue	57,500	-	-	57,500
Miscellaneous	(85,463)	-	-	(85,463)
Investment income	16,565	2,108	3,750	22,423
Total revenue	<u>1,693,133</u>	<u>534,806</u>	<u>536,448</u>	<u>2,764,387</u>
Expenditures				
General government	538,757	-	-	538,757
Culture and recreation	934,261	-	-	934,261
Intergovernmental	266,366	408,455	65,000	739,821
Total expenditures	<u>1,739,384</u>	<u>408,455</u>	<u>65,000</u>	<u>2,212,839</u>
Other Financing Sources (Uses)				
Transfer in (out)	532,698	-	(532,698)	-
Change in Fund Balances	486,447	126,351	(61,250)	551,548
Fund Balance, Beginning of Year	<u>1,542,564</u>	<u>196,307</u>	<u>349,211</u>	<u>2,088,082</u>
Fund Balance, End of Year	<u>\$ 2,029,011</u>	<u>\$ 322,658</u>	<u>\$ 287,961</u>	<u>\$ 2,639,630</u>

Carson City Culture and Tourism Authority

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Governmental Funds Year Ended June 30, 2022

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	
Net change in fund balance and other credits - governmental funds	\$ 551,548
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	
Less current year depreciation	(755)
Amounts reported for governmental activities in the statement of activities are different because governmental funds report rent expenditures however, the lease activities are capitalized and the asset is depreciated and the liability is reduced by principal and interest	
	(4,207)
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	1,478
Pension expense - change in pension liability	79,782
Other postemployment benefits expense	<u>(35,959)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 591,887</u></u>

Note 1 - Summary of Significant Accounting Policies

The Carson City Culture and Tourism Authority's (Authority) 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 Authority. The Authority 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 Authority. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board. The Authority's financial statements are included in the general-purpose financial statements of Carson City. The Authority is independent in its management and operations but significantly influenced by Carson City through its funding. Therefore, the Authority 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 Authority are reported in the general fund and capital projects funds. 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 Authority'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.

Note 1 - Summary of Significant Accounting Policies (Continued)**Basis of Accounting (Continued)**

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

Budgets and Budgetary Accounting

The Authority 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:

- On or before April 15, the members of the Board of the Carson City Culture and Tourism Authority file a tentative budget with the Nevada Department of Taxation for all funds.
- Public hearings on the tentative budget are held not sooner than the third Monday in May and not later than the last day in May.
- 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.
- Formal budgetary integration in the financial records for all funds is employed to enhance management control during the year.
- Budgets for all funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Appropriations lapse at year end.
- 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 Authority.

Note 1 - Summary of Significant Accounting Policies (Continued)**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 Authority 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.

Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date of donation. The Authority defines capital assets as assets with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For purposes of the government-wide financial statements, depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets useful lives using the straight-line method of depreciation, with one-half of a year's depreciation taken in the year of acquisition and one-half in the final year. The Authority's capital assets consist of improvements, furniture and equipment which have useful lives ranging from 5 to 15 years.

In the fund financial statements, capital assets used in operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Compensated absences are accounted for in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accounted for in the period those services are rendered or those events take place. Governmental funds report compensated absences only if they have matured as a result of employee resignations, terminations and retirements. The fund liability is defined as those benefits actually paid or accrued as a result of employees who have terminated employment by June 30, 2022. The total accrued compensated absences are reported on the Statement of Net Position.

Note 1 - Summary of Significant Accounting Policies (Continued)**Compensated Absences (Continued)**

The Authority's policy provides for payment of accrued vacation time upon termination of employment if employed for six months or more. Accrued vacation time is limited to a maximum of 300 hours. Accrued sick leave is limited to 1,080 hours and is paid out on termination based on a percentage relative to credited service years.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and the proportionate share of contributions as well as contributions made after the measurement period for pensions and other postemployment benefits qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments and other postemployment benefits qualify for reporting in this category.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- Net invested in capital assets - consists of capital assets, net of accumulated depreciation and any related debt.
- Restricted net position - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - net position that is neither classified as "invested in capital assets" nor as "restricted."

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Authority includes fund balances that have been prepaid for expenses in this category.
- Restricted - represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. Restricted funds include amounts legally restricted for expenditure in connection with the V&T project and capital improvement funds.
- Committed - represents amounts which can be used only for specific purposes determined by the members of the governing Board's formal action through a resolution or action. Committed funds include amounts set aside for operating reserves under formal action.

Note 1 - Summary of Significant Accounting Policies (Continued)**Equity Classifications (Continued)**

- Assigned - represents amounts that are intended by the Authority for specific purposes but do not require action by the governing Board. The Authority has assigned balances that represent amounts for the subsequent year's expenditures based upon the approved budget.
- Unassigned - represents all amounts not included in spendable classifications.

The Authority's policy is to first apply expenditures against non-spendable fund balances and then unassigned balances. On an annual basis assigned fund balances are determined based upon available resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The Authority recognizes a long-term liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense based upon an actuarial determination and information provided by the plan fiduciary.

Compliance with Laws and Regulations

The Authority conformed to all significant statutory constraints on its financial administration.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2020-2021 financial statements. It has been provided to add comparability but is not considered a full disclosure of transactions for 2020-2021. Such information can only be obtained by referring to the audit report for that year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 26, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

On July 7, 2022, the Authority entered into a 5 year lease agreement and maintenance agreement for a copy machine with monthly payments of \$831 and \$418, respectively.

Note 1 - Summary of Significant Accounting Policies (Continued)**New Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, Leases. The primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for fiscal years beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time. In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement is effective immediately and postpones the implementation of GASB No. 87 by eighteen months. Accordingly, the Board implemented the standard for the earliest period; however adjustment to beginning net position at July 1, 2021 is not significant and has been included in general government expenditures for the current year.

Note 2 - Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code

The Authority conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2022.

Note 3 - Cash and Investments

At June 30, 2022, cash and cash equivalents were held in various institutions as follows:

Held by Carson City on behalf of the Authority	\$ 2,406,059
Cash on hand	<u>300</u>
	<u>\$ 2,406,359</u>

Note 4 - Transient Lodging Tax Revenue

Transient lodging tax revenues (room taxes) of 11% are collected by the Authority; however, 3/16 of one percent that is included in the 11% is remitted to Carson City and 3/8 of one percent is remitted to the State of Nevada. As part of the 11% collected, the Authority collects a 1% tax to be used to promote arts and culture in the area. This 1% tax was collected and remitted to Carson City who took over the expenditures relating to the services provided until December 2020. Thereafter, the 1% tax remained in possession of the Authority. The following is a reconciliation of gross collections and remittances to the City and State:

Gross transient lodging tax	\$ 2,930,131
State remittance	(110,255)
Carson City remittance	<u>(49,949)</u>
	<u>\$ 2,769,927</u>

The amounts due at June 30, 2022 to Carson City and the State of Nevada are shown as due to other governments. Out of the total lodging tax retained by the Authority, 2% is pledged to the servicing of bonds issued by Carson City and is accounted for in the capital projects funds. The Authority remits the amounts needed to service the debt when it is due to Carson City.

Note 5 - Capital Assets

Capital asset activity consists of the following:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities				
Capital assets, not being depreciated				
Web site	\$ 41,028	\$ -	\$ -	\$ 41,028
Capital assets, being depreciated				
Furniture and equipment	10,537	-	-	10,537
Tenant improvements	8,388	-	-	8,388
	18,925	-	-	18,925
Less accumulated depreciation				
Furniture and equipment	9,119	196	-	9,315
Tenant improvements	4,783	559	-	5,342
	13,902	755	-	14,657
Total assets being depreciated, net	5,023	(755)	-	4,268
Net Capital Assets	\$ 46,051	\$ (755)	\$ -	\$ 45,296

Current year depreciation expense of \$755 was charged to general government.

Note 6 - Leases, Commitments, and Contingencies

Beginning in July 2003, the Authority placed funds in the Park Bond Capital Project Fund and transferred 2% of the room tax revenue remitted to them to the fund to service the Carson City Park Bond. The final payment for this bond was made in February 2011.

Commencing during the year ended June 30, 2012, the taxes deposited into this fund are being used to cover principal and interest payments on the bonds for the reconstruction of the V & T Railroad described below. In October 2011, a Capital Project Fund was established by resolution in order to receive the 2% room tax formerly deposited in the Park Bond Capital Project Fund.

In November 2003, Carson City issued \$4,150,000 in General Obligation (Limited Tax) bonds for the reconstruction of the V & T Railroad. The Authority transfers 2% of room tax revenues to this fund to service the debt on these bonds. Principal and interest is remitted to Carson City when the payments are due. In addition, the Authority is committed to pay an additional \$100,000 to Carson City for payments due to cover an extra portion of the \$15,000,000 V&T Bond payments, if necessary. If at such time there are not enough room tax collections designated for the bond payment, the Authority is obligated to increase its allocation of room taxes by 1% to 3% of room tax revenue.

Note 6 - Leases, Commitments, and Contingencies (Continued)

During the year ended June 30, 2016, the Authority approved reducing the total 4% that was paid into the two capital project fund accounts to 2% in total and the utilization of the remaining 2% to be used for annual marketing costs. The capital projects fund receives the 2% transient lodging taxes and utilizes these funds to pay the bond discussed above.

The V&T Capital Project Fund balance, plus annual interest, is being maintained to be utilized as necessary for future bond payments.

The Authority has entered into a cooperative agreement with Carson City to pay 3/4% of the annual tax revenue to support the sports tournament program, and for accounting, human resource and IT services. During the year ended June 30, 2017, the payment increased to 1% with legal services being added as an administrative expense. For the year ended June 30, 2022, the Authority incurred expenditures to the City of \$266,366 for administrative services and the cooperative agreement.

The Authority is self-insured under the reimbursement method for unemployment insurance. This requires that the Authority pay any liability for unemployment insurance as it is incurred rather than at a set annual rate. The Authority's policy regarding unemployment liability is to expense any liability incurred when the amount is received as a bill from the State of Nevada. The potential liability is not able to be determined as there are multiple factors, some of which would be unknown. The Authority has not set aside any funds for any future potential liability. During the year ended June 30, 2022, the Authority did not incur unemployment expenses.

During the year ended June 30, 2020, the Authority entered into a leasing arrangement for office space. The lease commenced on September 15, 2019 and includes initial lease payments of \$5,152 with annual increases. On April 30, 2020 the lease was extended to June 30, 2024, at which time the lease terminates with no automatic renewal. At the time of initial measurement there was no interest rate specified in the original lease agreement. Accordingly, the Board has used an incremental borrowing rate equal to the three year treasury rate as reported by the Wall Street Journal to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2022. Lease activity for the year is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities				
Buildings	\$ 307,073	\$ -	\$ -	\$ 307,073
Less: accumulated depreciation	(114,819)	(64,085)	-	(178,904)
	<u>\$ 192,254</u>	<u>\$ (64,085)</u>	<u>\$ -</u>	<u>\$ 128,169</u>

Lease obligations are as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Amount due in one year
Lease liabilities:					
Buildings	\$ 196,079	\$ -	\$ (63,703)	\$ 132,376	\$ 65,353

Note 6 - Leases, Commitments, and Contingencies (Continued)

Annual requirements to amortize long term obligations and related interest are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 65,353	\$ 586
2024	67,023	297
	<u>\$ 132,376</u>	<u>\$ 883</u>

The Authority leases a copier and Duplo electric cutter through May 31, 2022, at a monthly rate of \$3,236. The copier and Duplo will print and cut all tickets and brochures that are needed to promote tourism in Carson City.

Note 7 - Long-Term Liabilities

The following is a summary of changes in the Authority's long-term liabilities:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Accrued compensated absences	<u>\$ 58,174</u>	<u>\$ -</u>	<u>\$ (1,478)</u>	<u>\$ 56,696</u>

The amount of compensated absences which will be due within one year has not been determined and is not considered material.

Note 8 - Pensions**General Information About the Pension Plan****Plan Description**

PERS (System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacity have been removed or substantially impaired by age or disability.

- For members entering the System on or after July 1, 2015, benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Note 8 - Pensions (Continued)**General Information About the Pension Plan (Continued)****Benefits Provided**

- Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010.
- Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.
- Post-retirement increases are provided by authority of NRS 286.575 - 286.579.

Vesting

- Regular members entering the System prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.
- Regular members who entered the System on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or at age 62 with 20 years of service or at age 55 with 30 years of service or at any age with 33 1/3 years of service.
- The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions

- The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983 have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.
- The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.
- The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.
- The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Note 8 - Pensions (Continued)**Contributions (Continued)**

- For the fiscal years ended June 30, 2020, 2021 and 2022 the Statutory Employer/employee matching rate was 15.25%, 15.25% and 15.5% respectively, for Regular employees. The Employer-pay contribution (EPC) rate was 29.25%, 29.25% and 29.75% for each of the fiscal years ended June 30, 2020, 2021 and 2022, respectively, for Regular employees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Authority reported a liability of \$550,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2021. At June 30, 2021, the Authority's proportion was .00562%.

For the year ended June 30, 2022, the Authority recognized pension expense of \$(9,745). Amounts totaling \$70,028 resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected an actual experience	\$ 56,891	\$ 3,614
Changes of assumptions	170,522	-
Net difference between projected and actual earnings on pension plan investments	-	419,077
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,584	12,922
Contributions subsequent to the measurement date	70,028	-
	<u>\$ 329,025</u>	<u>\$ 435,613</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, without regard to the contributions subsequent to the measurement date, will be recognized in pension expense as follows:

Note 8 - Pensions (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

<u>Years Ending June 30,</u>	
2023	\$ (56,091)
2024	(54,646)
2025	(56,795)
2026	(58,389)
2027	43,759
2028	5,546
	<u>\$ (176,616)</u>

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflows and deferred inflows will be recognized over the average expected remaining services lives, which was 6.14 years for the measurement period ending June 30, 2021.

Reconciliation of the net pension liability at June 30, 2022:

Beginning net pension liability	\$ 789,195
Pension expense	(9,745)
Employer contributions	(58,785)
Current year net deferred (inflows) and outflows	<u>(170,042)</u>
Ending net pension liability	<u>\$ 550,623</u>

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Payroll growth	5.00%, including inflation
Investment rate of return	7.25%
Productivity pay increase	0.50%
Projected salary increase	4.20% to 9.10%, depending on service
	Rates include inflation and productivity increases
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2021 funding actuarial valuation

Note 8 - Pensions (Continued)**Actuarial Assumptions (Continued)**

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2021, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the PERS Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the PERS Retirement Board adopted policy target asset allocation as of June 30, 2021:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

*As of June 30, 2021, PERS' long-term inflation assumption was 2.50%.

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2021, calculated using the discount rate of 7.25%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 1,019,573	\$ 550,623	\$ 93,475

Note 8 - Pensions (Continued)

Pension Plan Fiduciary Net Position

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS' website at www.nvpers.org under Quick Links - Publications.

Note 9 - Other Postemployment Benefits Obligation (OPEB)

Plan Description and Benefits Provided

The Authority's personnel policy provides medical, dental, vision, and life insurance for retirees. Eligibility and subsidy requirements are governed by the policy which was revised effective July 1, 2017. Since this change in policy has an impact on the liabilities as reflected in the accompanying government-wide financial statements. The policy requires the Authority to pay the insurance premiums at varying percentages for the retiree, spouse and dependents based upon the number of years of service at time of retirement. Subsidies are paid at a reduced rate once the retiree, spouse or dependent reaches the Medicare age.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	7
	<u>8</u>
	<u><u>8</u></u>

Total OPEB Liability

The Authority's total OPEB liability of \$545,310 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Note 9 - Other Postemployment Benefits Obligation (OPEB) (Continued)**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increases	3.00%, including inflation
Discount rate	4.09% as of June 30, 2022
Healthcare cost trend rates	5.60% for 2022, fluctuating down to 3.90% by 2076

The discount rate was based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the following:

Pre-retirement life rates for Regular & Safety employees:

- Males & Females: Headcount-Weighted RP-2014 Employee Table. Non-disabled life rates for Regular & Safety retirees:
- Males and Females: Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2021 to June 30, 2022.

Changes in the Total OPEB Liability:

Balance, June 30, 2021	\$ 885,712
Changes for the year	
Service cost	56,411
Interest	20,389
Changes in assumptions or other inputs	(403,525)
Benefit payments	(13,677)
Net changes	<u>(340,402)</u>
Balance, June 30, 2022	<u>\$ 545,310</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022, based on the published changes in return for the applicable municipal bond index.

Note 9 - Other Postemployment Benefits Obligation (OPEB) (Continued)**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Discount Rate 4.09%	1% Increase 5.09%
Net OPEB Liability	\$ 635,739	\$ 545,310	\$ 473,268

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.60% decreasing to 2.9%) or 1-percentage-point higher (6.60 % decreasing to 4.9%) than the current healthcare cost trend rates:

	Healthcare Cost Trend		
	1% Decrease (4.60% decreasing to 2.90%)	Rates (5.60% decreasing to 3.90%)	1% Increase (6.60% decreasing to 4.90%)
Net OPEB Liability	\$ 470,017	\$ 545,310	\$ 640,601

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$49,636. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 71,551	\$ 219,574
Changes of assumptions	145,563	203,851
	<u>\$ 217,114</u>	<u>\$ 423,425</u>

Note 9 - Other Postemployment Benefits Obligation (OPEB) (Continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	
2023	\$ 27,164
2024	27,164
2025	26,707
2026	27,279
2027	27,826
Thereafter	70,171
	<u>\$ 206,311</u>

Note 10 - Concentrations

The Authority received approximately 60% of its transient lodging tax revenue from five properties in Carson City. Should these properties experience a significant decrease in occupancy, it could have a material effect on the Authority.

Note 11 - Risk Management

The Authority, like all government entities, is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Required Supplementary
Information
June 30, 2022

Carson City Culture and Tourism Authority

Carson City Culture and Tourism Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
 Department of Taxation Format
 Year Ended June 30, 2022

	2022				2021
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
Revenue					
Room taxes	\$ 1,468,800	\$ 1,869,468	\$ 1,704,531	\$ (164,937)	1,303,720
Intergovernmental revenue	50,000	57,500	57,500	-	59,843
Miscellaneous	15,000	-	(85,463)	(85,463)	195,526
Investment income	5,760	9,000	16,565	7,565	18,158
Total revenue	1,539,560	1,935,968	1,693,133	(242,835)	1,577,247
Expenditures					
General government					
Salaries	269,742	269,742	271,031	(1,289)	290,721
Benefits	139,002	139,002	137,908	1,094	98,104
Services and supplies	136,040	136,040	129,818	6,222	115,337
	544,784	544,784	538,757	6,027	504,162
Culture and recreation					
Salaries	219,918	219,918	204,933	14,985	165,658
Benefits	135,345	135,345	109,659	25,686	57,653
Services and supplies	879,666	777,576	619,669	157,907	415,927
	1,234,929	1,132,839	934,261	198,578	639,238
Intergovernmental	335,685	469,981	266,366	203,615	299,867
Total expenditures	2,115,398	2,147,604	1,739,384	408,220	1,443,267
Deficiency of Revenue Over (Under) Expenditures	(575,838)	(211,636)	(46,251)	165,385	133,980
Other financing sources, Transfer in	419,591	534,050	532,698	(1,352)	344,024
Change in Fund Balance	(156,247)	322,414	486,447	164,033	478,004
Fund Balance, Beginning of Year	1,362,103	1,542,564	1,542,564	-	1,064,560
Fund Balance, End of Year	\$ 1,205,856	\$ 1,864,978	\$ 2,029,011	\$ 164,033	\$ 1,542,564

Carson City Culture and Tourism Authority
 Schedule of Changes in the Authority's Total OPEB Liability
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 56,411	\$ 43,394	\$ 20,447	\$ 19,131
Interest	20,389	18,159	22,031	21,387
Changes in assumptions or other inputs	(403,525)	132,547	60,539	10,389
Benefit payments	<u>(13,677)</u>	<u>(12,371)</u>	<u>(12,504)</u>	<u>(18,232)</u>
Net Change in Total OPEB Liability	<u>(340,402)</u>	<u>181,729</u>	<u>90,513</u>	<u>32,675</u>
Total OPEB Liability - Beginning	<u>885,712</u>	<u>703,983</u>	<u>613,470</u>	<u>580,795</u>
Total OPEB Liability - Ending	<u><u>\$ 545,310</u></u>	<u><u>\$ 885,712</u></u>	<u><u>\$ 703,983</u></u>	<u><u>\$ 613,470</u></u>

The Authority adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2019. Information is not available prior to that time.

Carson City Culture and Tourism Authority
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.00562%	0.00542%	0.00441%	0.00441%	0.00585%	0.00404%	0.00386%	0.00327%
Authority's proportionate share of the net pension liability	\$ 550,623	\$ 789,195	\$ 772,532	\$ 774,771	\$ 784,823	\$ 537,706	\$ 435,743	\$ 340,878
Authority's covered payroll	\$ 401,887	\$ 386,051	\$ 302,925	\$ 292,182	\$ 374,957	\$ 244,801	\$ 231,212	\$ 192,392
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	137.01%	204.43%	255.02%	265.17%	209.31%	219.65%	188.46%	177.18%
Plan fiduciary net position as a percentage of total pension liability	86.51%	77.04%	76.46%	75.24%	74.40%	72.20%	75.10%	76.30%

*The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. The Schedule of the Authority's Proportionate Share of the Net Pension Liability information is not available prior to that time.

Carson City Culture and Tourism Authority
Schedule of Authority's Contributions
Last Ten Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 140,056	\$ 117,552	\$ 112,920	\$ 84,819	\$ 81,811	\$ 104,988	\$ 68,544	\$ 59,537
Contributions in relation to the statutorily required contribution	<u>(140,056)</u>	<u>(117,552)</u>	<u>(112,920)</u>	<u>(84,819)</u>	<u>(81,811)</u>	<u>(104,988)</u>	<u>(68,544)</u>	<u>(59,537)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 470,776	\$ 401,887	\$ 386,051	\$ 302,925	\$ 292,182	\$ 374,957	\$ 244,801	\$ 231,212
Contributions as a percentage of covered payroll	29.75%	29.25%	29.25%	28.00%	28.00%	28.00%	28.00%	25.75%

*The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. The Schedule of the Authority's Proportionate Share of the Net Pension Liability information is not available prior to that time.

Supplementary Information

June 30, 2022

**Carson City Culture and Tourism
Authority**

Carson City Culture and Tourism Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Projects Fund

Year Ended June 30, 2022

(With Comparative Actuals for Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
Revenue					
Room taxes	\$ 419,591	\$ 534,050	532,698	\$ (1,352)	407,261
Investment income	2,160	1,080	2,108	1,028	3,272
Total revenue	421,751	535,130	534,806	(324)	410,533
Expenditures					
Intergovernmental	408,455	408,455	408,455	-	406,055
Total expenditures	408,455	408,455	408,455	-	406,055
Excess (Deficiency) of Revenue					
Over (Under) Expenditures	13,296	126,675	126,351	(324)	4,478
Fund Balance, Beginning of Year	170,913	196,307	196,307	-	191,829
Fund Balance, End of Year	\$ 184,209	\$ 322,982	\$ 322,658	\$ (324)	\$ 196,307

Carson City Culture and Tourism Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

V&T Capital Projects Fund

Year Ended June 30, 2022

(With Comparative Actuals for Year Ended June 30, 2021)

	2022				2021
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
Revenue					
Room taxes	\$ 419,591	\$ 534,050	\$ 532,698	\$ (1,352)	\$ 407,261
Investment income	4,080	1,920	3,750	1,830	5,886
Total revenue	423,671	535,970	536,448	478	413,147
Expenditures					
Intergovernmental	65,000	65,000	65,000	-	65,000
Total expenditures	65,000	65,000	65,000	-	65,000
Excess of revenue over expenditures	358,671	470,970	471,448	478	348,147
Other financing sources, Transfer out	(419,591)	(534,050)	(532,698)	1,352	(344,024)
Change in Fund Balance	(60,920)	(63,080)	(61,250)	1,830	4,123
Fund Balance, Beginning of Year	284,168	349,211	349,211	-	345,088
Fund Balance, End of Year	\$ 223,248	\$ 286,131	\$ 287,961	\$ 1,830	\$ 349,211

Compliance Section
June 30, 2022

Carson City Culture and Tourism Authority

Casey Neilson, Inc.
Accountants and Advisors

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Carson City Culture and Tourism Authority
Carson City, Nevada

We have audited, 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, the financial statements of the governmental activities and the fund information of Carson City Culture and Tourism Authority (Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Carson City Culture and Tourism Authority's basic financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carson City Culture and Tourism Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carson City Culture and Tourism Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Casey Nalor".

Carson City, Nevada
October 26, 2022

Casey Neilson, Inc.
Accountants and Advisors

Auditor's Comments

To the Board of Directors
Carson City Culture and Tourism Authority
Carson City, Nevada

In connection with our audit of the financial statements of the Carson City Culture and Tourism Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the Authority failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

The required disclosure on compliance with the Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

The Authority monitored all significant constraints on its financial administration during the year ended June 30, 2021.

Current Year Recommendations

No material weaknesses or significant deficiencies reported.

Progress on Prior Year Recommendations

No material weaknesses or significant deficiencies reported.

Nevada Revised Statute 354.6241

In connection with our audit, nothing came to our attention that caused us to believe that the Authority had not complied in all material respects with NRS 354.6241, including:

- a. Use of funds established
- b. Use of generally accepted accounting principles
- c. Limitations on reserves
- d. Recording sources of revenue and transfers available
- e. Statutory and regulatory requirements applicable to the fund
- f. Ending retained earning amounts

Casey Nelson

Carson City, Nevada
October 26, 2022

Casey Neilson, Inc.
Accountants and Advisors

October 26, 2022

Board of Directors and Management
Carson City Culture & Tourism Authority
Carson City, Nevada

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Carson City Culture & Tourism Authority as of and for the year ended June 30, 2022, and have issued our report thereon dated October 26, 2022. Professional standards require that 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 letter to you dated August 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Carson City Culture & Tourism Authority are described in Note 1 to the financial statements. Aside from the implementation of GASBS 87 *Leases*, no new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by Carson City Culture & Tourism Authority during the year for which there is a lack of authoritative guidance or consensus. Carson City Culture and Tourism Authority. 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 accounting estimates affecting the financial statements are the estimates relating to pension and OPEB information and the related assets and liabilities.

Management's estimate of the pension and OPEB information is based on the actuarial report and the Carson City's allocation worksheets. We evaluated the key factors and assumptions used to develop the pension information and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Carson City Culture & Tourism Authority's financial statements relate to pension and OPEB information.

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

Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the 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 following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Reclassify retirement amounts to salary expense - \$62,540
- Reclassify room taxes allocated to the capital projects funds - \$1,065,396

The following adjustments were proposed to report the changes for the government-wide financial statements:

- Record opening balance differences for the government-wide statements - \$1,464,778
- Record change in compensated absences - \$1,478
- Record depreciation expense - \$755
- Report change in pension accounts: deferred outflows, deferred inflows and net pension liability - \$79,782
- Report change in OPEB accounts: deferred outflows, deferred inflows and net OPEB liability - \$35,959
- Report lease assets and liabilities at the beginning of the period - \$3,825
- Report reduction of lease liability, lease depreciation and interest expense for the period - \$382

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated October 26, 2022.

Management's Consultations with Other 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 Carson City Culture & Tourism Authority'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 Carson City Culture & Tourism Authority'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

We applied certain limited procedures to management's discussion and analysis, general fund budgetary comparison information, pension information and other postemployment benefit information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the capital projects fund budget to actual comparison and the individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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 report is intended solely for the information and use of the governing body and management of Carson City Culture & Tourism Authority and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada

October 26, 2022