



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** December 16, 2021

Staff Contact: Sheri Russell, Chief Financial Officer

Agenda Title: For Discussion Only: Discussion and presentation on financial highlights of the current year Annual Comprehensive Financial Report ("ACFR") by Carson City staff, and information from HintonBurdick CPAs & Advisors relating to their audit procedures and the results of those procedures concerning the Carson City ACFR for the fiscal year ended June 30, 2021. (Sheri Russell, srussell@carson.org)

Staff Summary: HintonBurdick CPAs & Advisors has been contracted to conduct an audit of the Carson City ACFR for the fiscal year ended June 30, 2021. Generally accepted auditing standards require the auditor to provide those charged with governance information about their responsibilities as well as certain information related to the planned scope, timing and results of the audit.

Agenda Action: Other / Presentation **Time Requested:** 20 minutes

Proposed Motion

N/A

Board's Strategic Goal

Efficient Government

Previous Action

N/A

Background/Issues & Analysis

NRS 354.624 requires the City to provide for an annual audit of all of its financial statements. In addition, the opinion and findings of the auditor contained in the report of the audit must be presented at a meeting of the governing body of the City held not more than 30 days after the report is submitted (Audit Report was issued November 23, 2021).

The Carson City ACFR for the fiscal year ended June 30, 2021 has been completed by the Finance Department and audited by the City's independent auditors, HintonBurdick CPAs & Advisors.

Matters included in the letter to those charged with governance include: significant audit findings related to qualitative aspects of accounting practices, if any; difficulties encountered in performing the audit; corrected and uncorrected misstatements; disagreements with management; management representations; management consultations with other independent accountants; other audit findings or issues; and other matters.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 354.624; Title 2 U.S. Code of Federal Regulation (CFR) Part 200; and Generally Accepted Auditing Standards

Financial Information

Is there a fiscal impact? No

If yes, account name/number: N/A

Is it currently budgeted?

Explanation of Fiscal Impact: N/A

Alternatives

N/A

Attachments:

[Presentation ACFR.pdf](#)

[FY21 Carson City audit presentation - HB.pdf](#)

[FY21 CC Communication to Governance.pdf](#)

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)



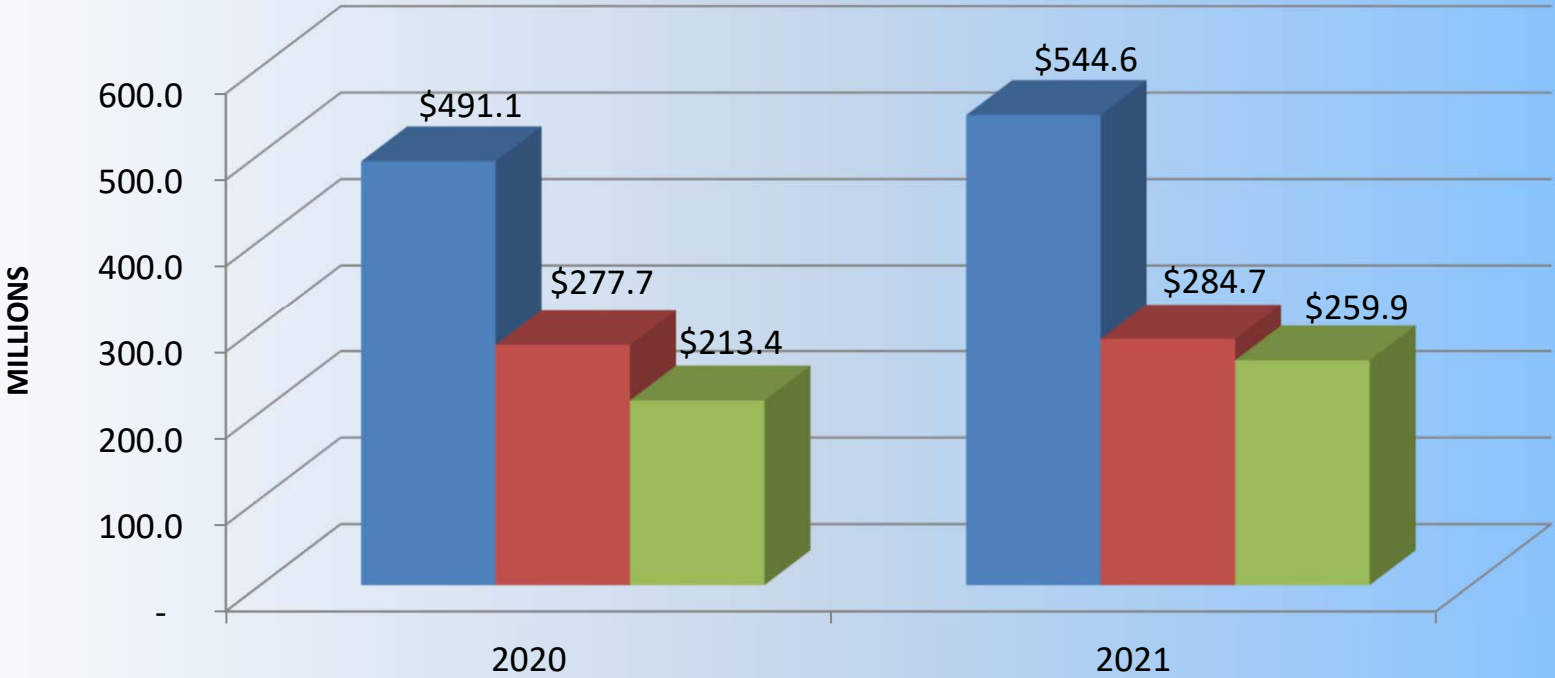
FINANCIAL ANALYSIS

CARSON CITY, NEVADA ANNUAL COMPREHENSIVE FINANCIAL REPORT JUNE 30, 2021

DOCUMENT LAYOUT

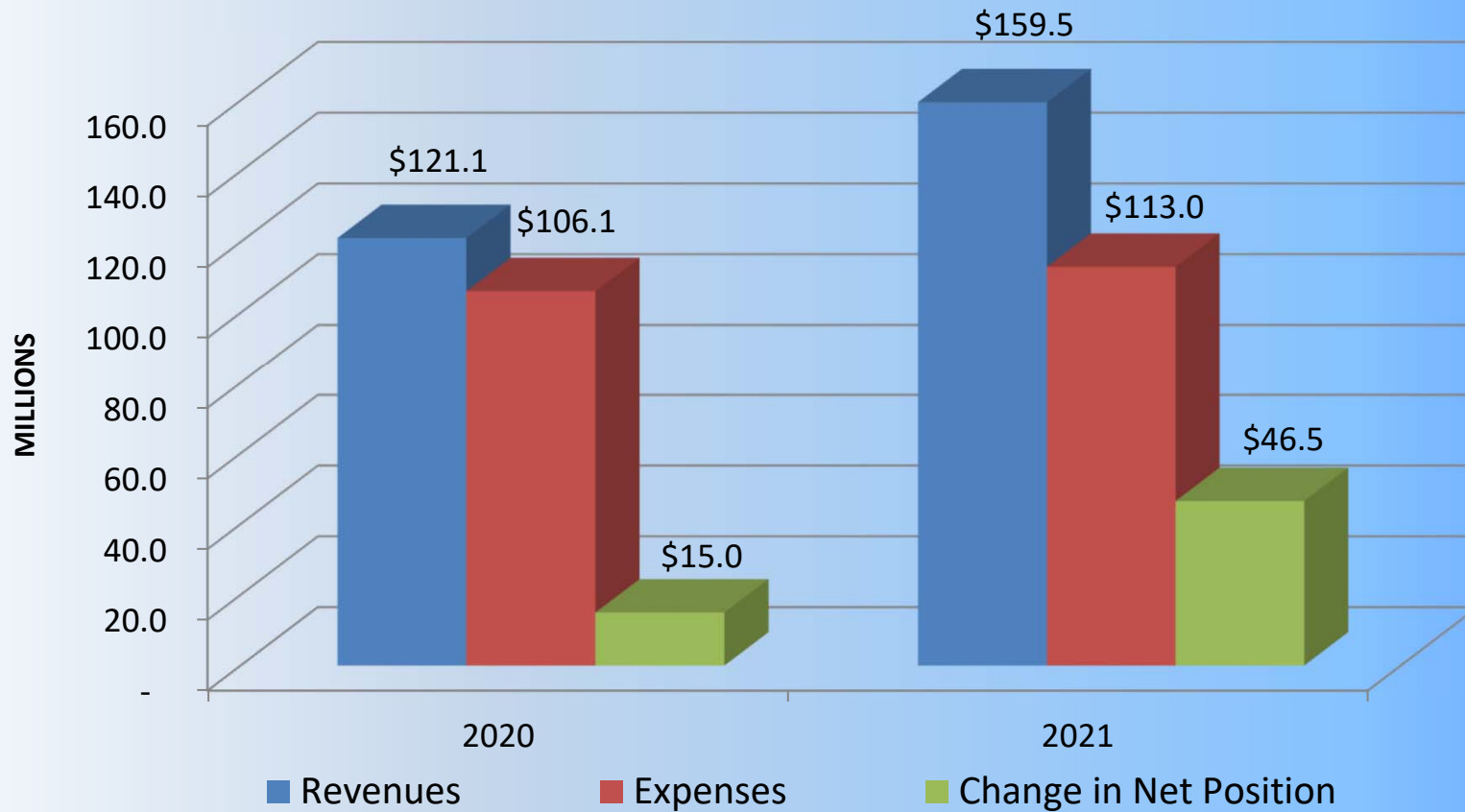
- Page 6 – The City received the Certificate of Achievement for Excellence in Financial Reporting for our FY 2020 Comprehensive Annual Financial Report.
- Independent Audit Report starts on page 9 and HintonBurdick CPA's & Advisors has given us an unmodified opinion.
- Page 12 is the Managements Discussion and Analysis which is a much more concise summary of the document.
- Page 22 is the Government Wide Statement of Net Position. The Notes to the Financial Statements start on page 39 and explain the numbers in more detail.
- Page 46 of the Notes to the Financial Statements states any budgetary violations and deficit fund equity.
 - Stormwater \$12,385 and Workers Compensation \$171,930
 - Non-Cash Adjustments
 - Debt Service, Ambulance and Group Medical Insurance Funds

**CARSON CITY
STATEMENT OF NET POSITION
GOVERNEMENTAL ACTIVITIES
JUNE 30th**

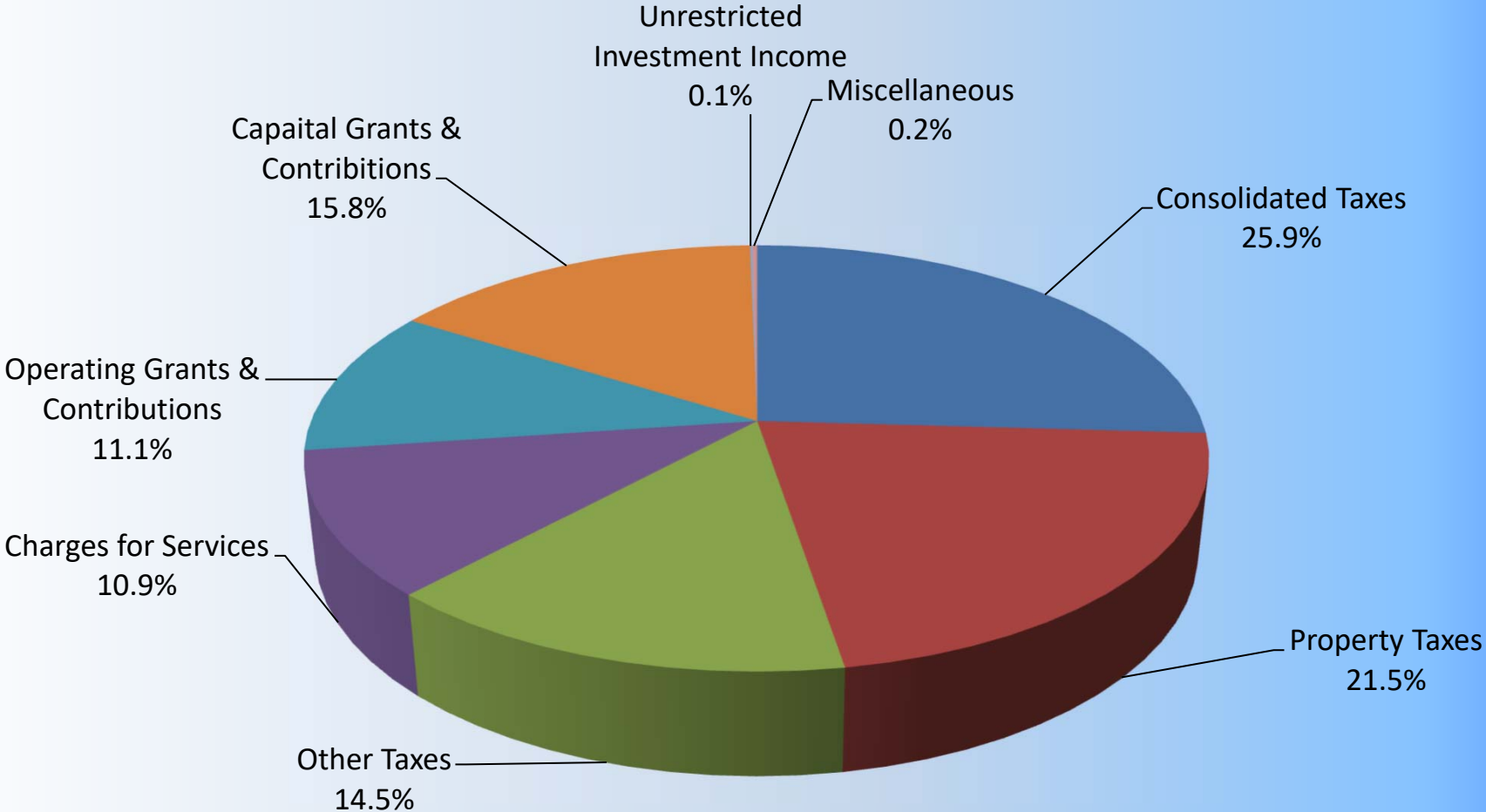


■ Assets & Deferred Outflows of Resources ■ Liabilities & Deferred Inflows of Resources
■ Net Position

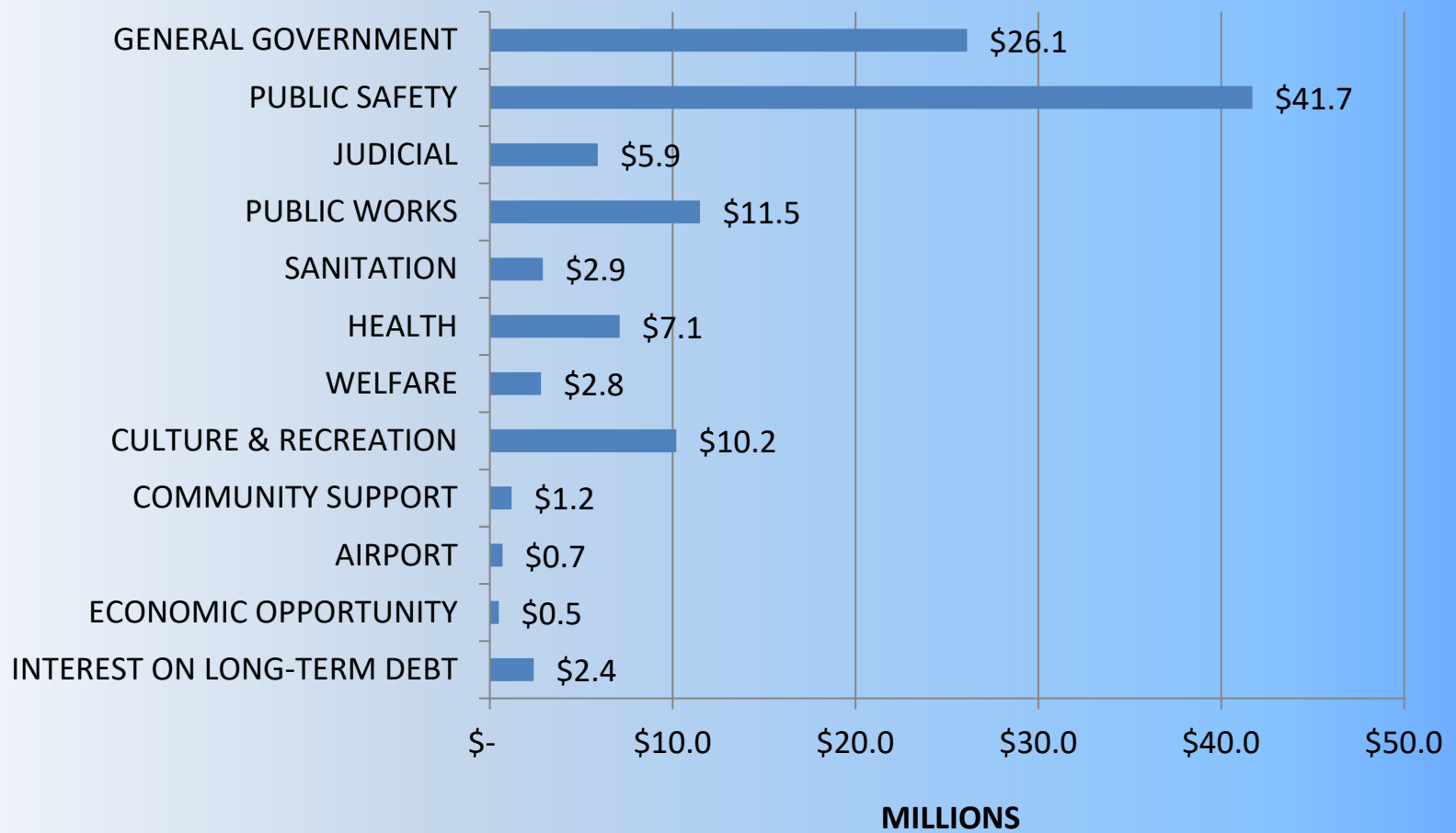
**CARSON CITY
STATEMENT OF ACTIVITIES
GOVERNEMENTAL ACTIVITIES
FOR THE YEARS ENDED JUNE 30th**



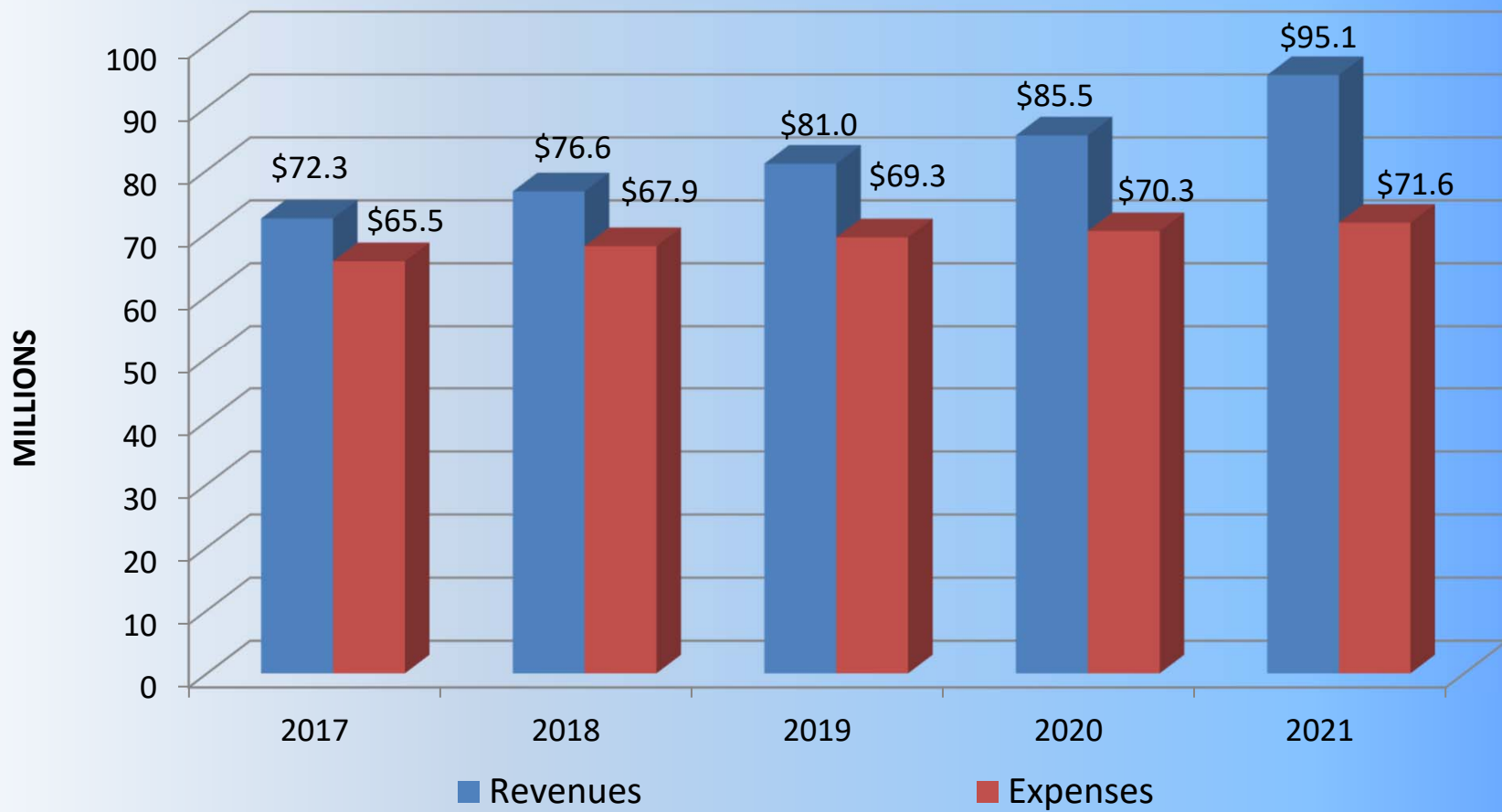
**CARSON CITY
REVENUES BY SOURCE
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**



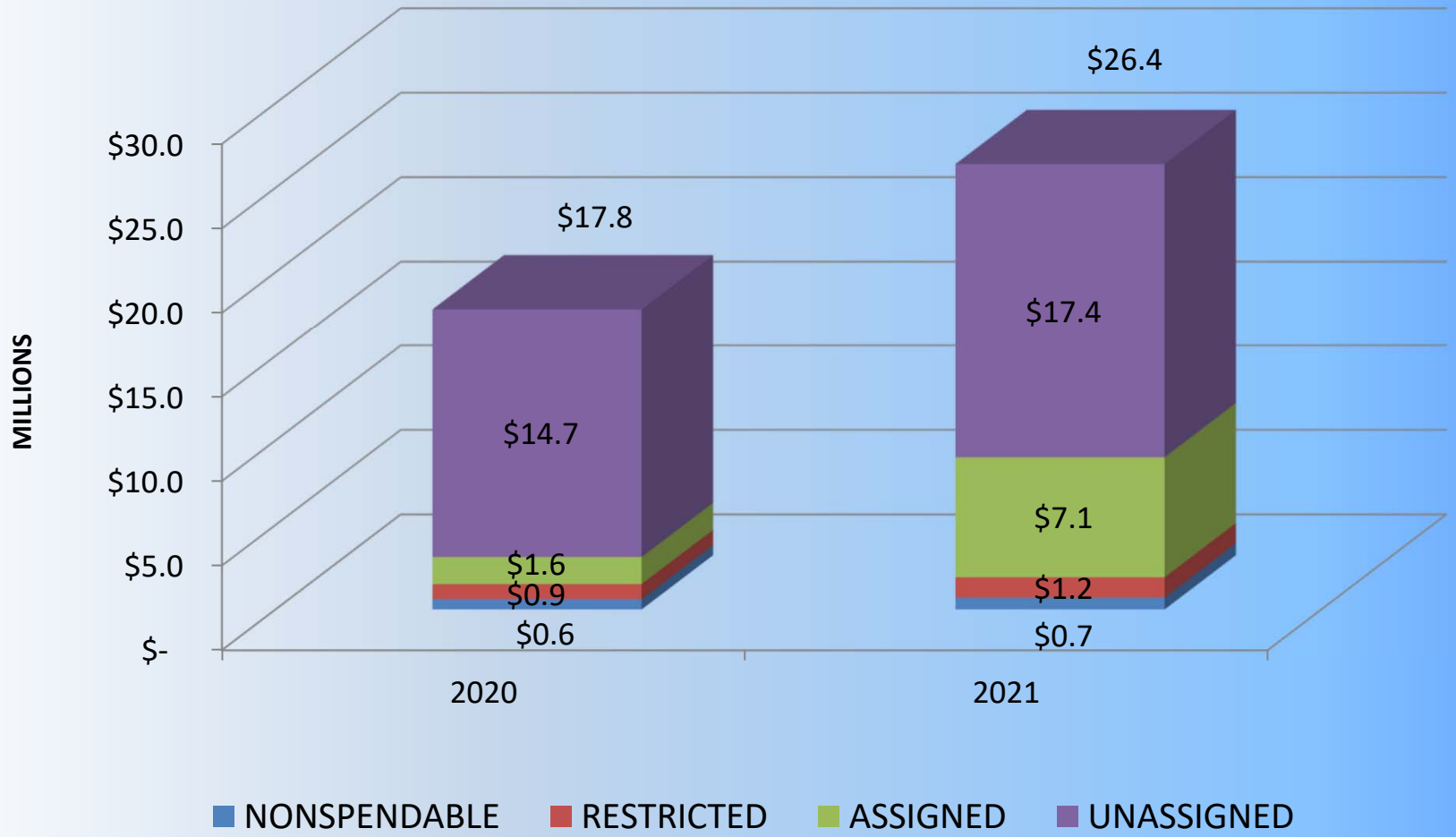
**CARSON CITY
EXPENSES BY FUNCTION
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**



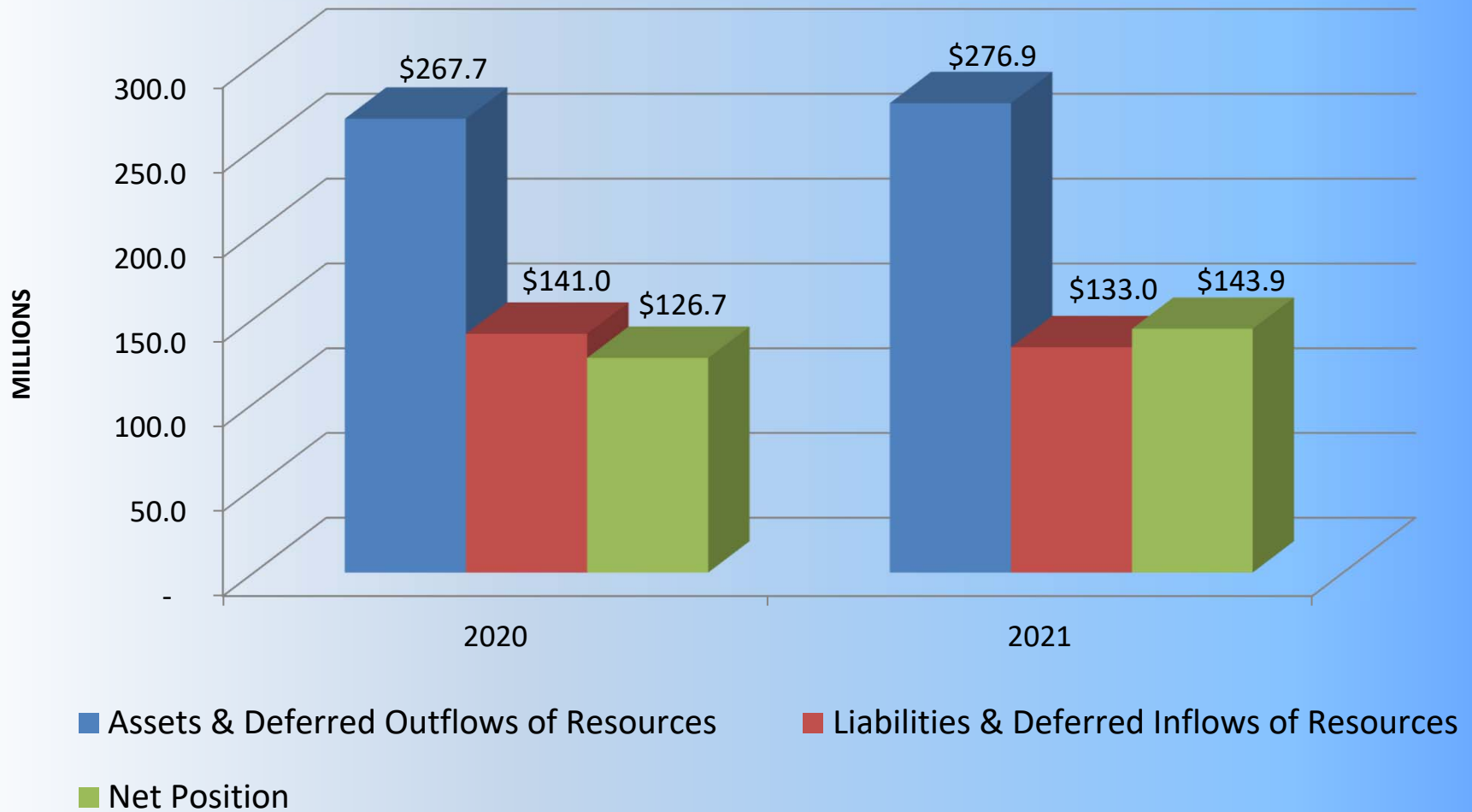
**CARSON CITY
GENERAL FUND
REVENUES VS. EXPENSES
FOR THE YEARS ENDED JUNE 30th**



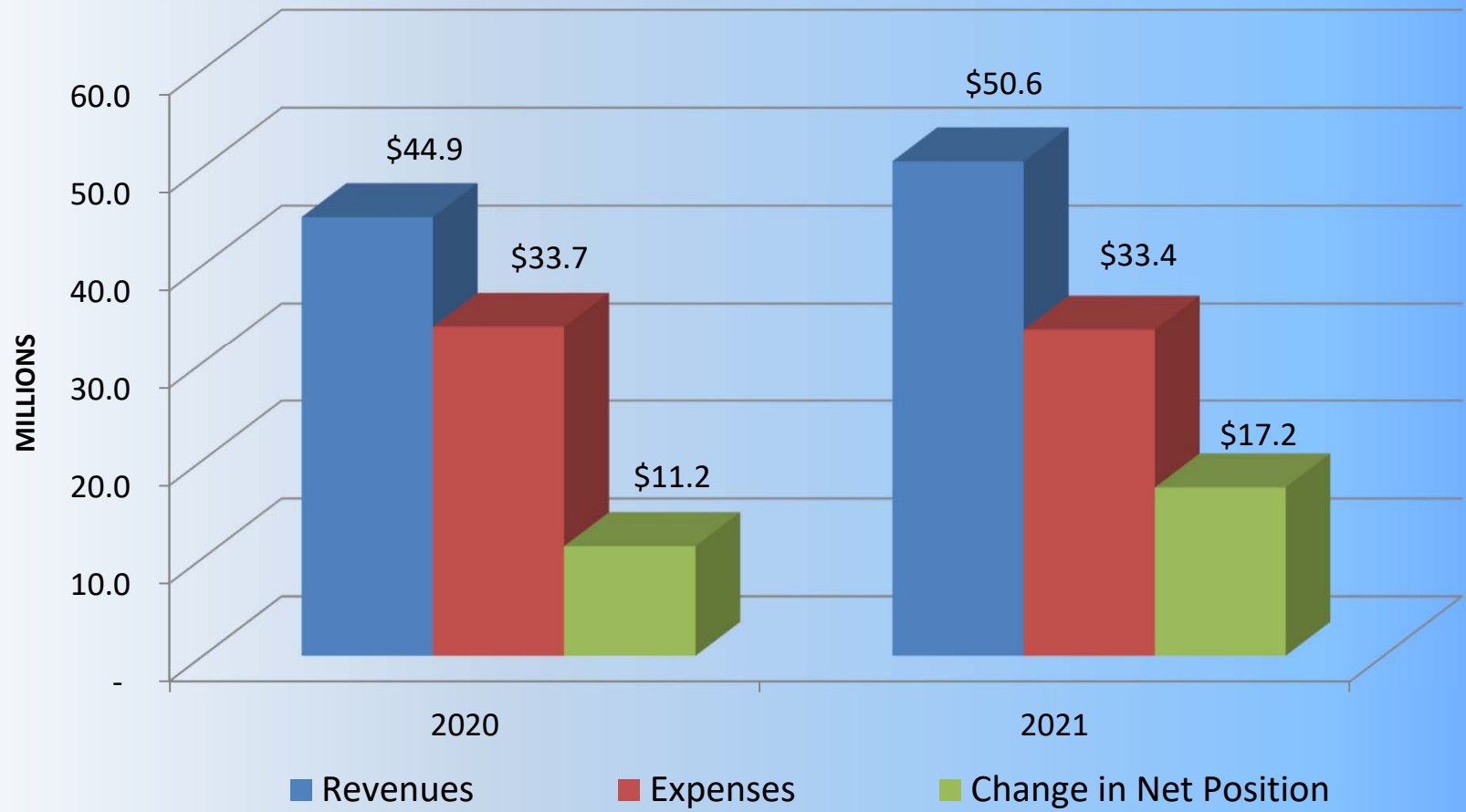
**CARSON CITY
GENERAL FUND
FUND BALANCES
FOR THE YEARS ENDED JUNE 30th**



**CARSON CITY
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
JUNE 30th**



**CARSON CITY
STATEMENT OF ACTIVITIES
BUSINESS-TYPE ACTIVITIES
FOR THE YEARS ENDED JUNE 30th**



QUESTIONS





Carson City, Nevada Fiscal Year 2021 Audit Presentation

Presented by
HintonBurdick CPAs and Advisors

HintonBurdick.com

Introduction

- Thanks to the City and the City's staff!
- Audit approach - team - timeline - delivery
- Communication encouraged

Auditor Reports

- **Independent Auditor's Report – pages 9 - 11**
 - Unmodified opinion or “clean opinion”
- **Report on Internal Controls over Financial Reporting and On Compliance – page 210 - 211**
 - No findings

Auditor Reports, continued

- **Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance – pages 212-213**
 - No findings
- **Summary of Auditors' Results – page 222**
 - Major programs tested
 - Low risk auditee

Note 2 - Stewardship, Compliance (page 47)

- **Excess of Expenditures Over Appropriations**
 - Stormwater fund - \$12,385 (depreciation)
 - Workers Compensation fund - \$171,930 (incurred but not reported liability adjustment)
- **Deficit Fund Equity**
 - Debt service fund - (\$12,422) (timing issue)
 - Ambulance fund - (\$245,653) (due to GASB 68)
 - Group medical insurance fund - (\$535,997) (due to GASB 68)

Communication to Those Charged With Governance

- Accounting policies – no significant changes from the prior year
- Accounting estimates – depreciation, compensated absences, pension and OPEB related liabilities
- Difficulties encountered - none
- Corrected and uncorrected misstatements – schedule attached
- Disagreements with management – none
- Management representations – received, no issues
- Management’s consultation with other Independent Accountants – none noted

Questions?

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Audit Manager

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HINTON BURDICK
CPAs & ADVISORS





Honorable Mayor,
Members of the Board of Supervisors
Carson City, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carson City, Nevada (the City) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 March 4, 2021. 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 City 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 2021. We noted no transactions entered into by the City 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 financial statements were:

Management's estimate of depreciation expense is based on the assigned depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the compensated absences accrual is based on current pay rates and accrued vacation and sick pay hours. We evaluated the key factors and assumptions used to develop the compensated absences accrual in determining that it is reasonable in relation to the financial statements taken as a whole.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, management's estimates have been determined on the same basis as they are reported by the Nevada Public Employee Retirement System (PERS). The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The key factors and assumptions used to develop the valuation and the accrual appear reasonable in relation to the financial statements taken as a whole.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, management's estimates have been determined on the same basis as they are reported by an independent actuarial valuation with a

measurement date of June 30, 2021. The key factors and assumptions used to develop the valuation and the accrual appear reasonable in relation to the financial statements taken as a whole.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2021.

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

We applied certain limited procedures to the management's discussion and analysis and other required supplementary (RSI) information as listed in the table of contents 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 supplementary information as listed in the table of contents, which accompanies 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.

We were not engaged to report on the introductory section and statistical section, which accompanies the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Mayor, Board of Supervisors and Management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



HintonBurdick, PLLC
November 23, 2021

Client: **CARSO04 - Carson City, Nevada**
 Engagement: **June 30, 2021 Audit**
 Period Ending: **6/30/2021**
 Trial Balance: **Fund TB**
 Workpaper: **50.01 - Combined Journal Entries Report - Option 1**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Proposed Journal Entries				
Proposed Journal Entries JE # 1				
Receivable/revenue not recorded in FY20 related to FY20 expenses on the Fairview project				
2503082-431010	FEDERAL GRANTS		111,142.49	
250-305001	RESTRICTED: PUBLIC WORKS			111,142.49
Total			111,142.49	111,142.49
Proposed Journal Entries JE # 2				
Receivable/revenue not recorded in FY20 related to FY20 expenses on the Airport Rd project				
2503082-431010	FEDERAL GRANTS		48,261.05	
250-305001	RESTRICTED: PUBLIC WORKS			48,261.05
Total			48,261.05	48,261.05
Proposed Journal Entries JE # 3				
FY20 and FY21 NID maintenance contract transfers were both recorded in FY21. Journal entry to move FY20 transfer to FY20.				
602-305011	RESTRICTED: REDEVELOPMENT		26,472.00	
7809880-466150	CC NID FUNDING		26,472.00	
6027505-500460	MAINTENANCE CONTRACT			26,472.00
780-360000	UNASSIGNED FUND BALANCE			26,472.00
Total			52,944.00	52,944.00
Proposed Journal Entries JE # 4				
Receivable/revenue not recorded in FY20 related to FY20 telephone commissions				
2802080-463200	TELEPHONE COMMISSIONS		9,672.00	
280-305002	RESTRICTED: PUBLIC SAFETY			9,672.00
Total			9,672.00	9,672.00
Proposed Journal Entries JE # 5				
Landfill revenues for FY20 recorded in FY21.				
1013980-444010	LANDFILL FEES		408,322.17	
101-360000	UNASSIGNED FUND BALANCE			408,322.17
Total			408,322.17	408,322.17
Total Proposed Journal Entries			630,341.71	630,341.71
Total All Journal Entries			630,341.71	630,341.71