



## STAFF REPORT

**Report To:** Board of Supervisors **Meeting Date:** December 15, 2022

**Staff Contact:** Sheri Russell-Benabou, Chief Financial Officer

**Agenda Title:** For Discussion Only: Presentation and discussion 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, 2022. (Sheri Russell-Benabou, 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, 2022. 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

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### **Proposed Motion**

N/A - For Discussion Only.

### **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, 2022).

The Carson City ACFR for the fiscal year ended June 30, 2022 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; 2 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? No

Explanation of Fiscal Impact: N/A

**Alternatives**

N/A

**Attachments:**

[CC Presentation ACFR.pdf](#)

[FY22 Auditor Carson City audit presentation \(002\).pdf](#)

[FY22 Carson City communication to those charged with governance.pdf](#)

**Board Action Taken:**

Motion: \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)



# **FINANCIAL ANALYSIS**

## **CARSON CITY, NEVADA**

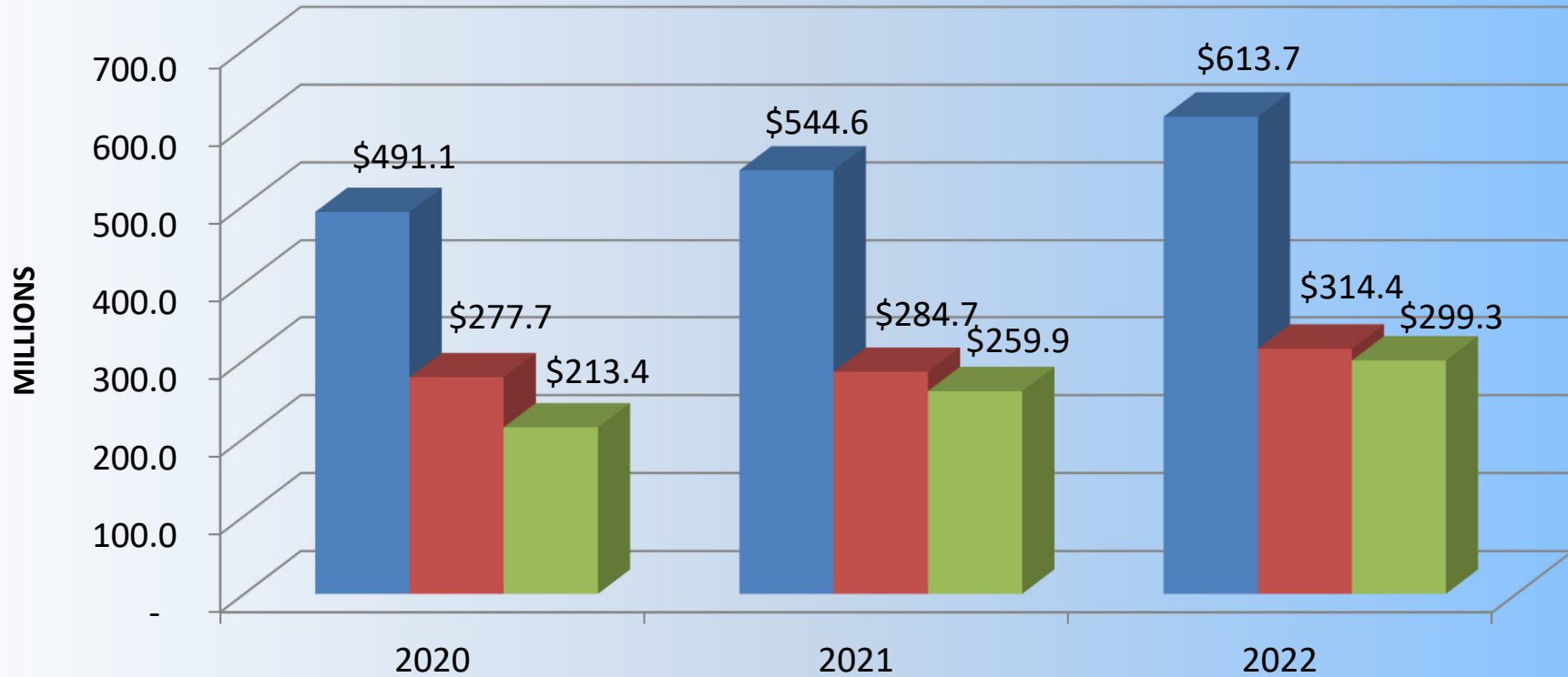
### **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**JUNE 30, 2022**

# DOCUMENT LAYOUT

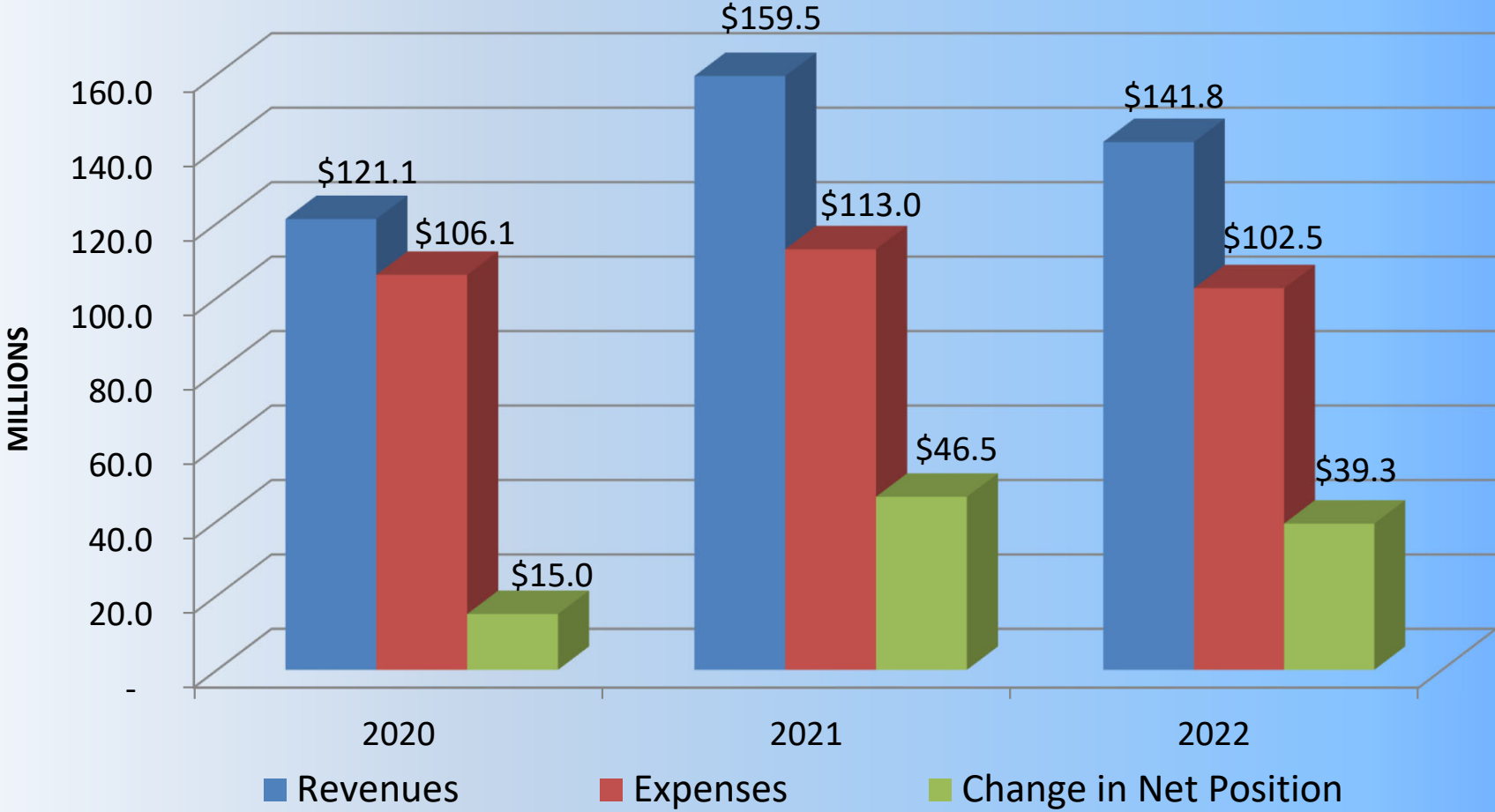
- Page 6 – The City received the Certificate of Achievement for Excellence in Financial Reporting for our FY 2021 Annual Comprehensive Financial Report.
- Independent Audit Report starts on page 9 and HintonBurdick CPA's & Advisors has given the City an unmodified opinion.
- Page 12 is the Management's 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 40 and explain the numbers in more detail.
- Page 49 of the Notes to the Financial Statements states any budgetary violations and deficit fund equity.
  - No Budget violations were noted.
  - Group Medical Insurance Fund has a negative net position.

**CARSON CITY  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30<sup>th</sup>**



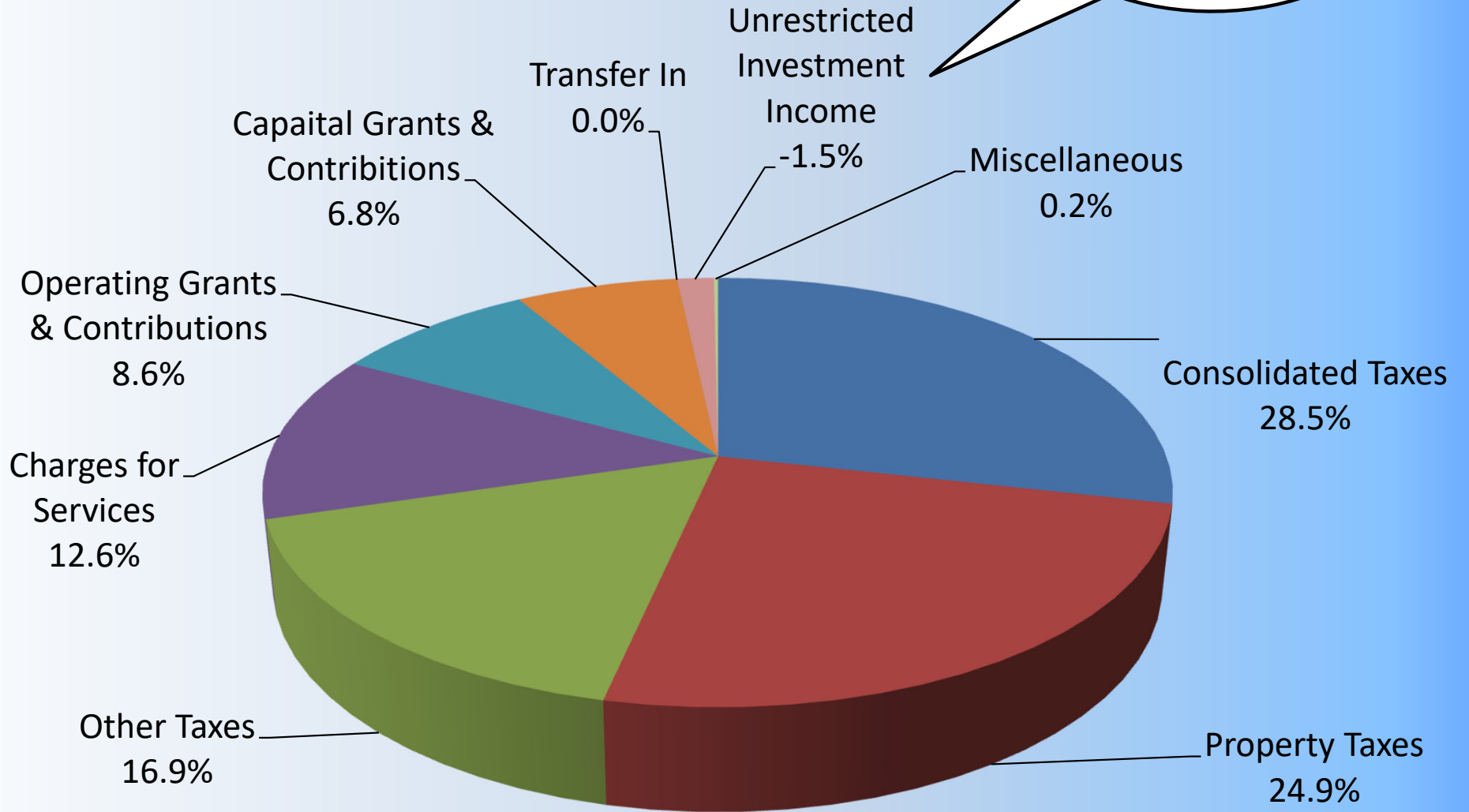
■ Assets & Deferred Outflows of Resources   
 ■ Liabilities & Deferred Inflows of Resources  
■ Net Position

**CARSON CITY  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEARS ENDED JUNE 30<sup>th</sup>**

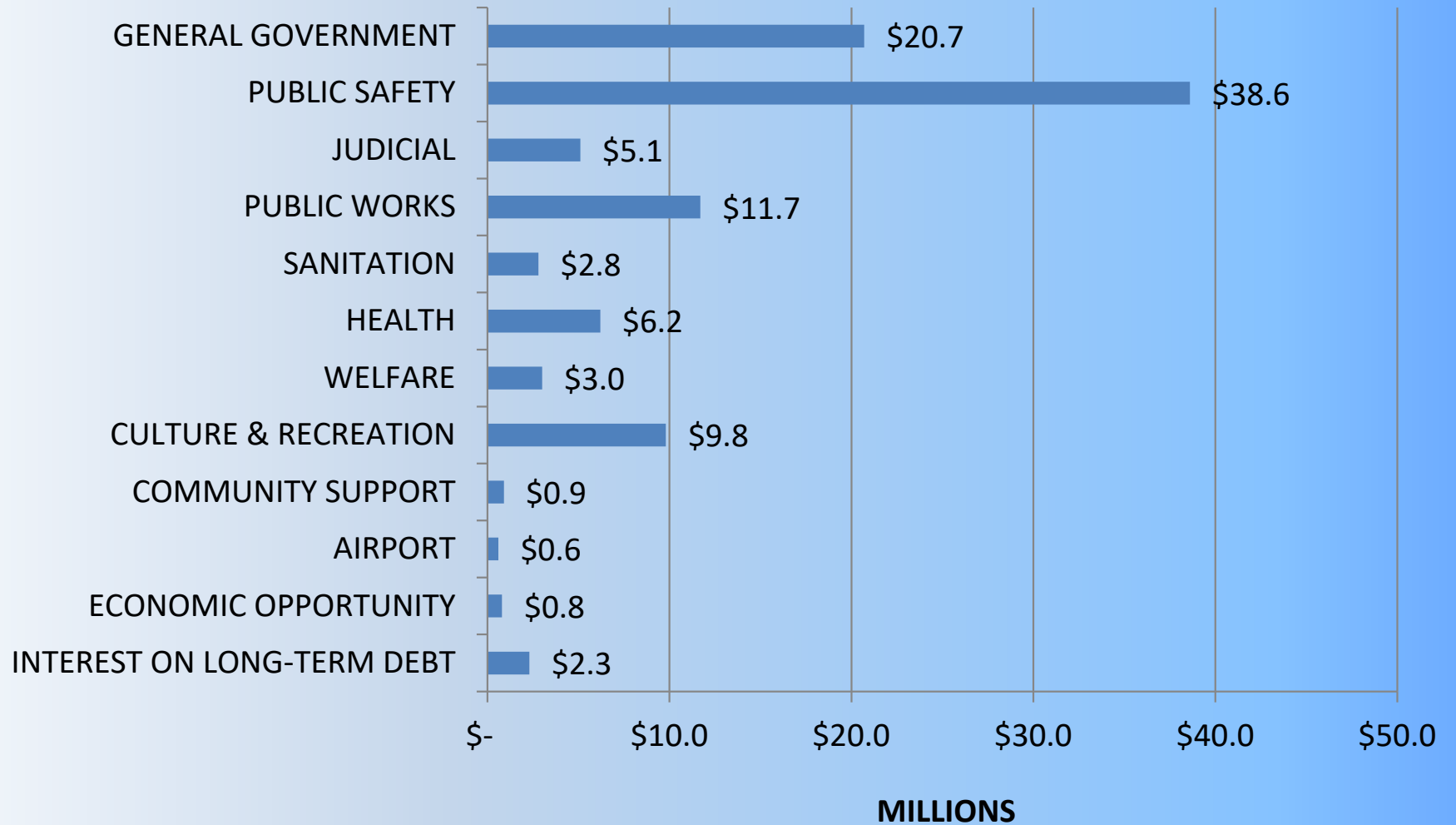


**CARSON CITY  
REVENUES BY SOURCE  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Investment  
losses of \$2.2  
million

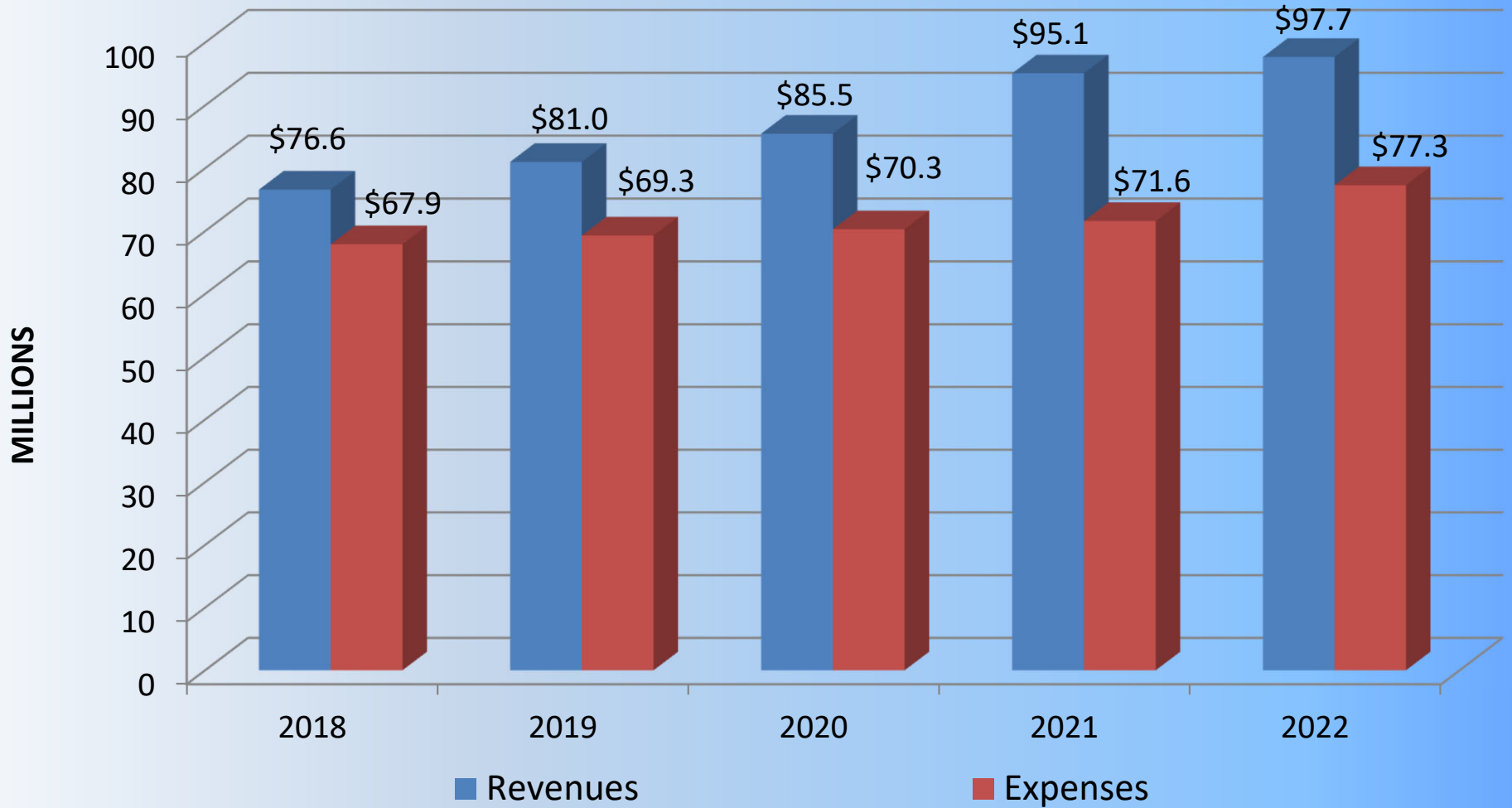


**CARSON CITY  
EXPENSES BY FUNCTION  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

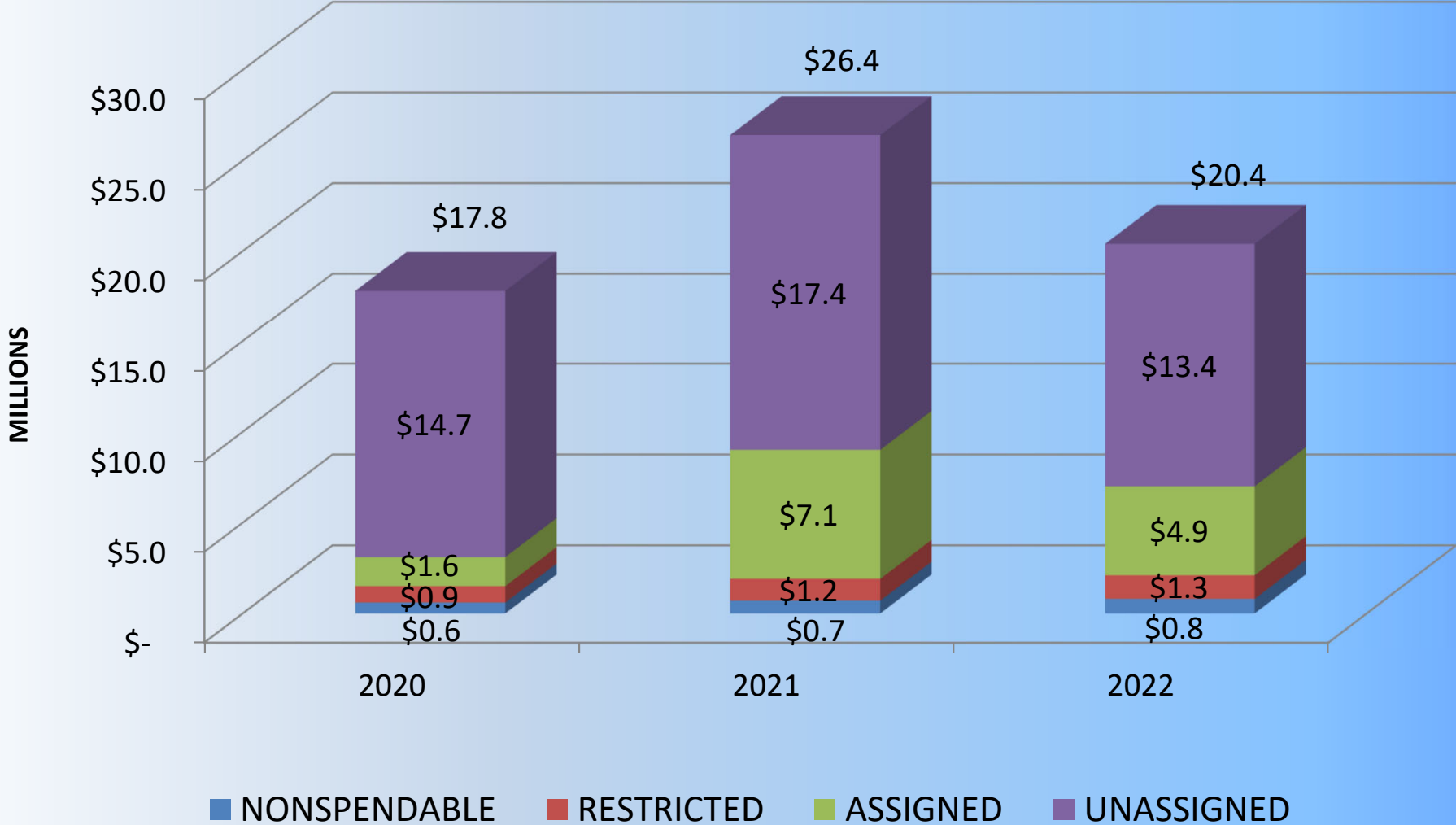




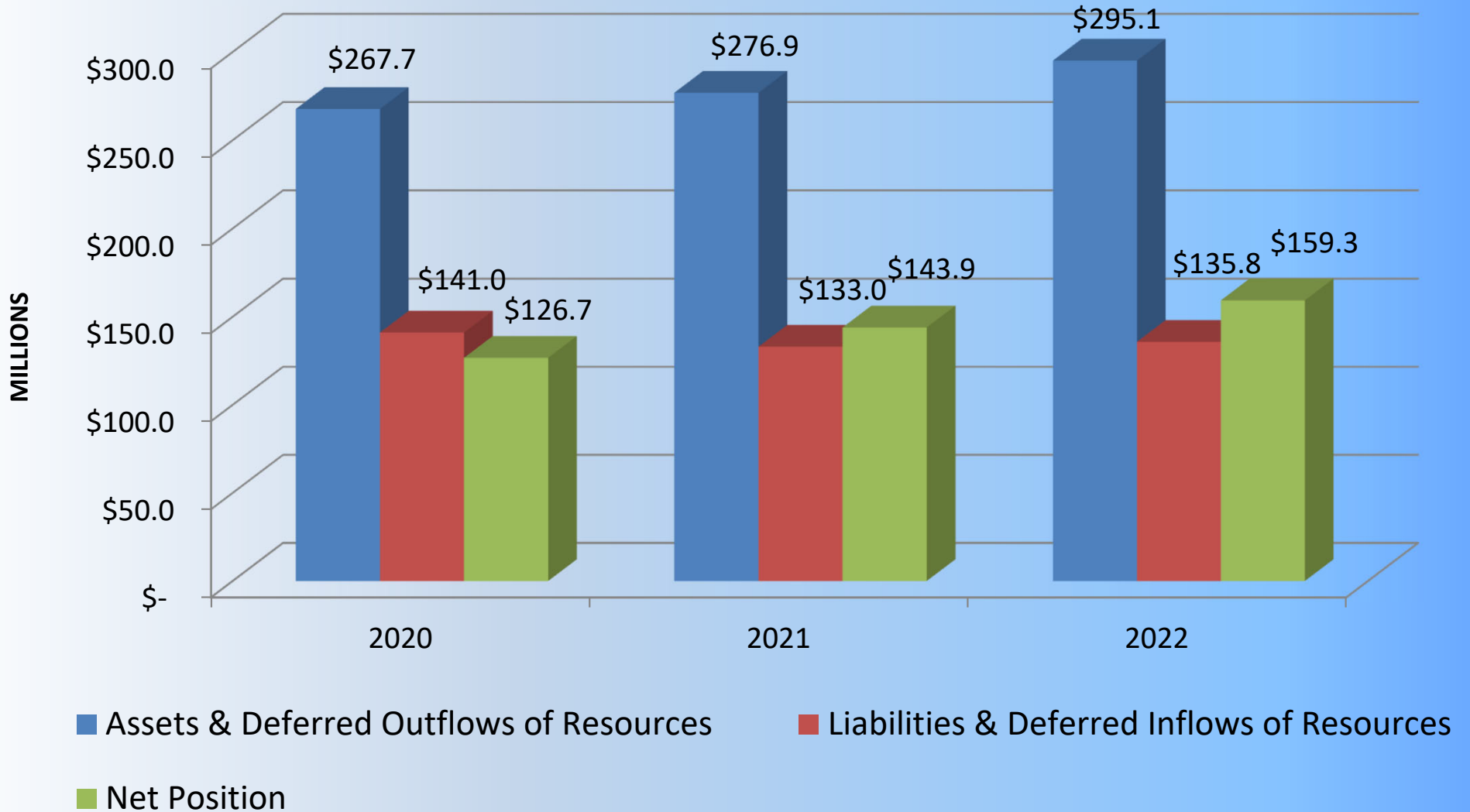
**CARSON CITY  
GENERAL FUND  
REVENUES VS. EXPENSES  
FOR THE YEARS ENDED JUNE 30<sup>th</sup>**



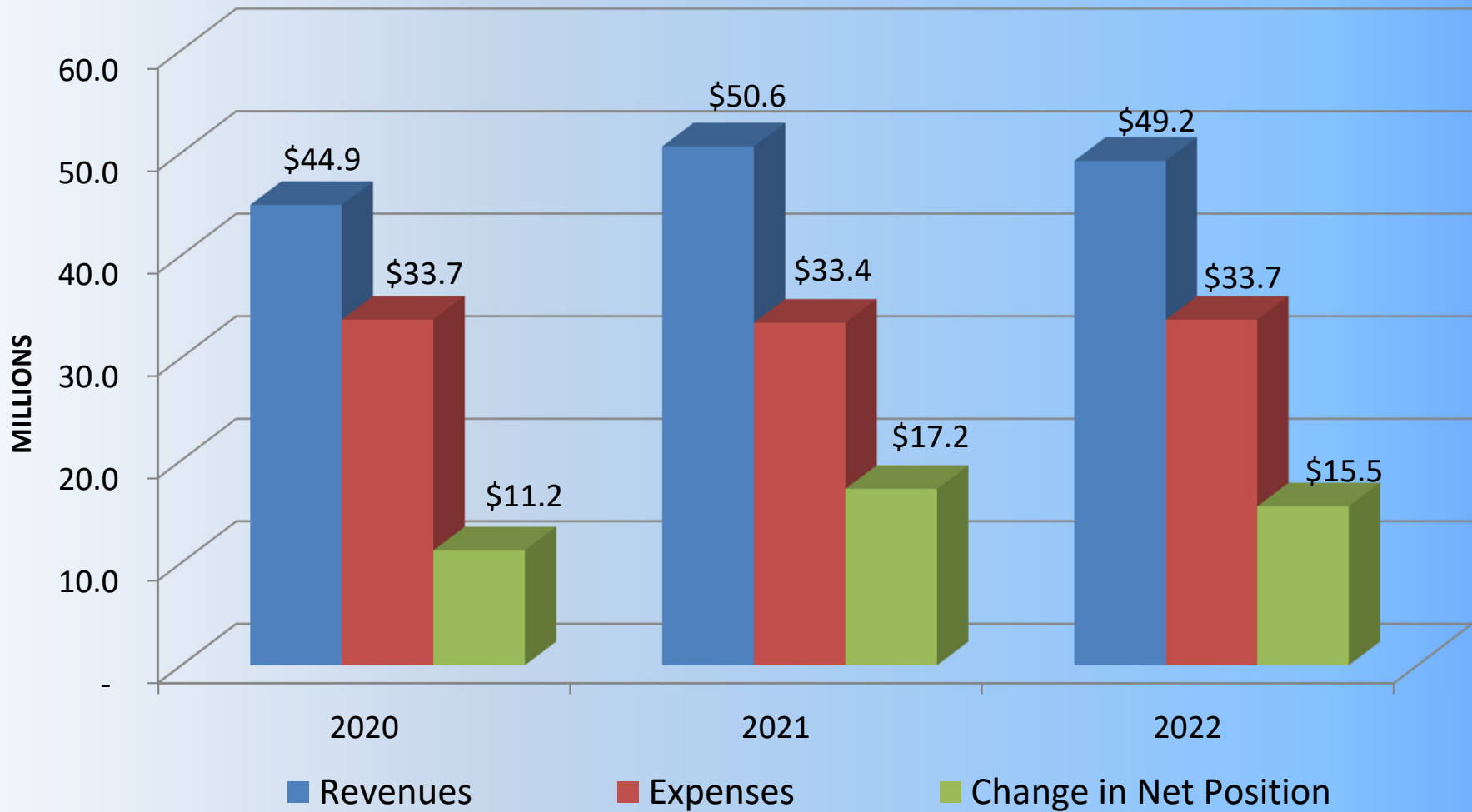
**CARSON CITY  
GENERAL FUND  
FUND BALANCES  
FOR THE YEARS ENDED JUNE 30<sup>th</sup>**



**CARSON CITY  
STATEMENT OF NET POSITION  
BUSINESS-TYPE ACTIVITIES  
JUNE 30<sup>th</sup>**



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



# QUESTIONS





# Carson City, Nevada Fiscal Year 2022 Audit Presentation

Presented by  
HintonBurdick CPAs and Advisors

[HintonBurdick.com](http://HintonBurdick.com)

# Introduction

- Thanks to the City and the City's staff!
- Audit approach - team – timeline – delivery
- Commentary and questions 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 217 - 218**
  - No findings



# Auditor Reports, continued

- **Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance – pages 219-221**
  - No findings
- **Summary of Auditors' Results – page 230**
  - Major programs tested
  - Low risk auditee

## Note 2 - Stewardship, Compliance (page 49)

- **Excess of Expenditures Over Appropriations**
  - No expenditures over appropriations in the fiscal period
- **Deficit Fund Equity**
  - Group medical insurance fund - (\$497,261) (due to GASB 68) up from (\$535,997) in the PY

## Communication to Those Charged With Governance

- Accounting policies – GASB Statement No. 87 on leases
- Accounting estimates – depreciation, compensated absences, pension and OPEB related liabilities
- Difficulties encountered - none
- Corrected and uncorrected misstatements – none
- Disagreements with management – none
- Management representations – received, no issues
- Management’s consultation with other Independent Accountants – none noted

# Questions?

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HintonBurdick.com



**HINTON BURDICK**  
CPAs & ADVISORS





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

We have audited the financial statements of Carson City, Nevada (the City) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 23, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated March 4, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards have been applied to eliminate identified threats to independence or reduce them to an acceptable.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

As described in Note 1, the City changed accounting policies related to the application of lease accounting and financial reporting requirements by adopting GASB Statement No. 87, *Leases*, in fiscal year 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

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, 2021, 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.

Management's estimate of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB is based on an independent actuarial valuation with a measurement date of June 30, 2022. 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.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.

Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

Management has corrected all identified significant misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There are no unusual circumstances that affect the form and content of the auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in a separate letter dated November 23, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and use of the governing body and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

*HintonBurdick, PLLC*

