MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

WITH INDEPENDENT AUDITORS' REPORT THEREON

BCM, LLC
Suite 203 MH II Building
Marina Heights Business Park
P.O. Box 504053
Saipan MP, 96950

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

TABLE OF CONTENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

BCM
BURGER · COMER · MAGLIARI
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Marianas Visitors Authority

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the Marianas Visitors Authority (MVA), a component unit of Commonwealth of the Northern Mariana Islands government, as of September 30, 2015 and 2014, and for the years then ended, and the related notes to the financial statements, which collectively comprise the MVA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Suite 203 MH II Building, Marina Heights Business Park ▪ P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837 ▪ Fax Nos. (670) 235-6905 (670) 233-8214

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the MVA as of September 30, 2015 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and budgetary comparison information on pages 4 through 13 and page 42 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.

Other Information

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

The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Suite 203 MH II Building, Marina Heights Business Park ▪ P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837 ▪ Fax Nos. (670) 235-6905 (670) 233-8214

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016, on our consideration of the MVA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MVA's internal control over financial reporting and compliance.

Burger Comer Magliari

Commonwealth of the Northern Mariana Islands
February 15, 2016

Suite 203 MH II Building, Marina Heights Business Park ▪ P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837 ▪ Fax Nos. (670) 235-6905 (670) 233-8214

MARIANAS VISITORS AUTHORITY
P.O. BOX 500861 CK
SAIPAN, MP 96950
TEL.: (670) 664-3200/1
FAX: (670) 664-3237
E-mail: mva@mymarianas.com
www.mymarianas.com

1976-2016 40 Years

MARIANAS VISITORS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The objective of management's discussion and analysis (MD&A) is to provide readers of the Marianas Visitors Authority (MVA) financial statements an overview and better understanding of its financial position and results of activities for the fiscal year ended September 30, 2015. Management has prepared this overview as required supplementary information to the financial statements and the footnotes that follow. This MD&A should be read in conjunction with the financial statements and accompanying footnotes.

FINANCIAL HIGHLIGHTS

- Pursuant to Budget Authority Act of 2015 Public Law 18-66, the MVA's budgeted Hotel and Container Tax Entitlement for fiscal year 2015 is $12,720,001. This includes the hotel and container tax earmarked of $12,720,000. The actual hotel occupancy and container tax received for fiscal year 2015 was $9,797,367. The legislature appropriated one dollar $1 to the MVA in FY 2015.

- MVA's total assets exceeded liabilities by $4,846,492 and $7,660,674 at the end of fiscal year 2015 and 2014 respectively. The significant reduction is primarily due to the long outstanding accounts receivable written off in the amount of $4.5 million as approved by the MVA Board of Directors. The long outstanding receivables were the uncollected hotel occupancy tax and appropriations from prior years. The unrestricted net position was $4,699,134 and $7,477,934 at the end of fiscal year 2015 and 2014 respectively.

- MVA increased its marketing and advertising expenditures by $1.1 million at the end of fiscal year 2015 as compared to fiscal year 2014 as the funds enabled them. The marketing strategy/goal is to increase the number of arrivals to Saipan, Tinian and Rota and most important, increased local spending by those arrivals so as to maximize the positive benefits those funds have on the economy and the government funding of the CNMI. The total tourist arrivals are 479,679 and 443,963 in fiscal year 2015 and fiscal year 2014 respectively. The increase was 8% in fiscal year 2015 as compared to fiscal year 2014.

- PL 18-1 Section 102 also includes the provision on Destination Enhancements amounting to $156,897 and $437,050 in fiscal year 2015 and fiscal year 2014, respectively.

- MVA as of the date of audit is current on its financial obligations with both Offshore and Local Vendors.

- MVA received $80,832 of in-kind contributions in fiscal year 2015. In-kind contributions increased by approximately 59% or $33,117 compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial section of this report presents the MVA's financial statements as two components: basic financial statements, and notes to the financial statements. It also includes the supplemental information.

BASIC FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 34 requires the presentation of the Management's Discussion and Analysis (MD&A) and the basic financial statements. The basic financial statements consist of agency-wide statements, fund financial statements, notes to the financial statements, and a budgetary comparison statement for the general fund.

GASB issued Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The MVA has adopted and applied this Statement in their financial statements. The prior financial statements have been restated to comply with the requirements of this update.

MD&A

The MD&A is a narrative section that introduces the basic financial statements. It should give readers an objective and easily understood, readable analysis of the MVA's financial performance for the year.

Agency-Wide Statements

The MVA's agency-wide financial report includes two financial statements: the Statement of Net Position and the Statement of Activities. The Marianas Visitors Authority prepared these financial statements in accordance with Governmental Accounting Standards Board (GASB) principles.

Statement of Net Position

The Statements of Net Position presents information on assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented as net position. It reflects the MVA's assets, liabilities and the resources remaining after liabilities are satisfied. Over time, increases or decreases in net position serve as a useful indicator as to whether the entity's financial health has improved or deteriorated during the fiscal year.

Statement of Activities

The Statement of Activities is the operating statement for the MVA as a whole. It is based on full accrual accounting rather than the traditional modified accrual basis. Depreciation of capital assets is recognized as an expense in this statement.

Fund Financial Statements

The financial reporting package includes the fund financial statements. Fund reporting focuses on showing how money flows into and out of funds and the balance left at year-end that is available for spending. A fund is a grouping of related accounts that is used to maintain control over specific activities.

The MVA, like other state and local governments, uses fund accounting to demonstrate and ensure compliance with finance related legal requirements.

Balance Sheet
Statement of Revenues, Expenditures, and Changes in Fund Balance

These statements present MVA's major funds. MVA has only one fund, the general fund. The fund statements are prepared using the traditional government model of modified accrual basis, which measures cash and all financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the MVA's operations.

Reconciliation from Agency-Wide to Fund Statements

Because the numbers on these statements do not agree to the numbers on the agency-wide statements, a reconciliation schedule is presented.

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

A budgetary comparison statement for the general fund is considered to be required supplementary information and is included in the basic financial statements.

COMPARISON OF RESULTS

Assets, Liabilities and Net Position

The MVA's net position on an agency-wide basis decreased by $2,814,182 from the previous year.

SUMMARY OF CHANGE IN NET POSITION (STATEMENT OF ACTIVITIES)

	2015	2014	2013
Net position, beginning	$ 7,660,674	$ 5,711,049	$ 2,714,213
Revenues	$ 9,961,720	9,922,594	9,318,886
Expenditures	12,775,902	7,972,969	6,322,050
Decrease in net position	$ (2,814,182)	1,949,625	2,996,836
Net position, ending	$ 4,846,492	$ 7,660,674	$ 5,711,049

SUMMARY OF STATEMENT OF NET POSITION

	2015	2014	2013
Current assets	$ 7,781,583	$ 10,498,200	$ 7,907,567
Capital assets	147,358	182,740	5,130
Total assets	$ 7,928,941	$ 10,680,940	$ 7,912,697
Current liabilities	$ 2,964,422	$ 2,909,570	$ 2,105,402
Non-current liabilities	117,927	99,496	96,246
Total liabilities	$ 3,082,349	$ 3,009,066	$ 2,201,648
Deferred inflows of resources	$ 100	11,200	-
Net investment in capital assets	147,358	$ 182,740	$ 5,130
Restricted	4,699,134	7,477,934	5,705,919
Total net position	4,846,492	7,660,674	5,711,049
Total liabilities and net position	$ 7,928,941	$ 10,680,940	$ 7,912,697

The $4,699,134 in restricted net position represents the accumulated results of all past years' operations. It means that if MVA is able to collect all its receivables and pay off all of its bills today, including all of its non-capital liabilities and compensated absences, it would have $4,699,134 of unrestricted assets left.

Assets. Assets consist primarily of cash and cash equivalents (56%) and receivables, which include local government appropriation and entitlement (41%), others (1%) and capital assets (2%).

Liabilities. These are composed primarily of accounts payable for marketing activities, deferred revenue, accrued employee annual and sick leave and others. The net increase in current liabilities of $54,852 is due to MVA's accrual of its obligations to its Offshore and Local Vendors in fiscal year 2015.

Net position. Net position represents the MVA's residual interest in its assets net of liabilities. The restricted component of net position decreased by $2,814,182 primarily due to write off of uncollectable receivables from the CNMI central government for the past 3 to 5 years.

Revenues

Total revenues for fiscal year 2015 were $9,961,720, a $39,126 increase from fiscal year 2014.

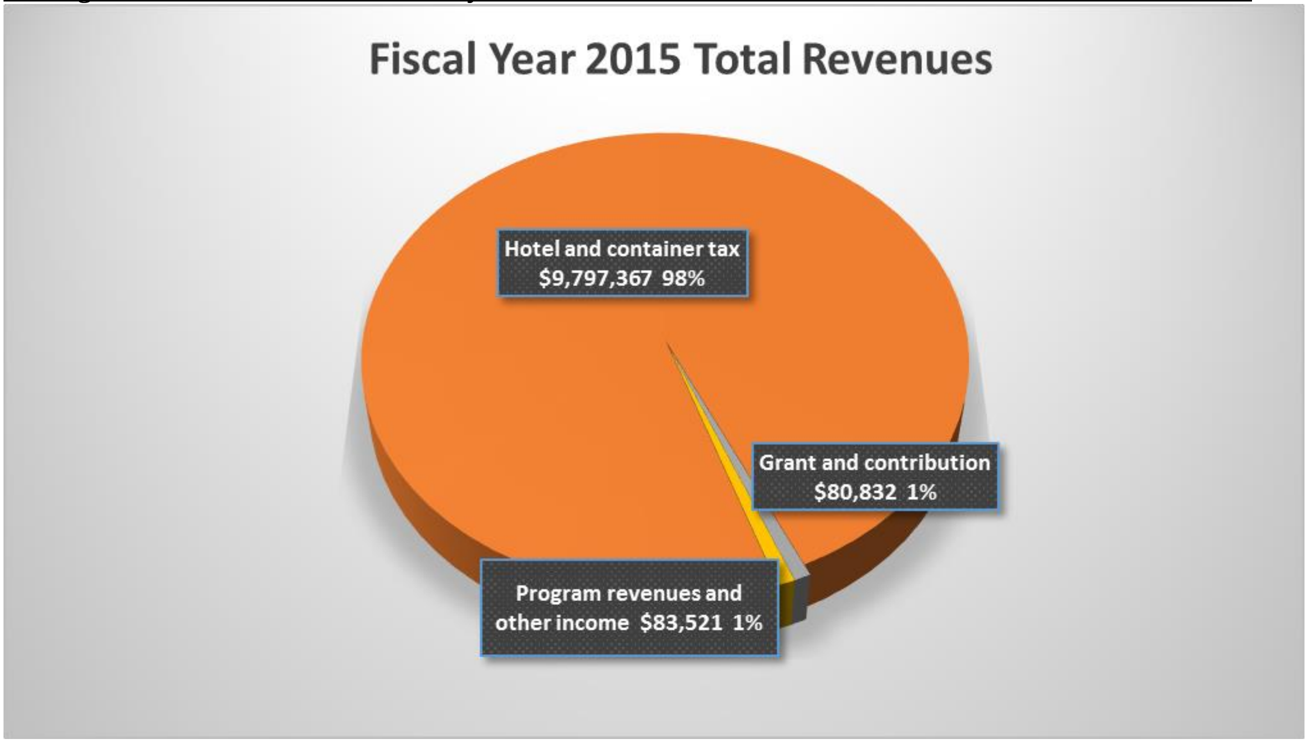
		2015		2014		2013
General Revenues						
Hotel and cointainer tax entitlement	$	9,797,367	$	9,741,534	$	8,984,627
Grant and contributions		80,832		55,607		218,588
Other income		6,426		11,130		26,195
Royalty income		15,593		21,588		25,768
Interest income		544		542		-
Subtotal	$	9,900,762	$	9,830,401	$	9,255,178
Program revenues						
Membership fees	$	23,965	$	16,230	$	12,660
Special events		36,993		75,963		51,048
Subtotal	$	60,958	$	92,193	$	63,708
Total Revenues	$	9,961,720	$	9,922,594	$	9,318,886

Revenues are classified as either general revenues or program revenues.

Program revenues are those directly generated by a function or activity of the government entity. These revenues include membership dues, special events fees that MVA charges for the specific events, and contributions from the private sector to support MVA programs. These special events revenues help MVA in reducing its actual expenditures on those respective events. In all situations, MVA has no surplus on this matter.

Grants and contributions, (primarily in-kind contributions) include accommodations and free use of hotel facilities, among others, and are classified as marketing or special events revenue when the donor specifies to which MVA activities the donation is to be used or as general revenue for unrestricted contributions.

The general revenue classification includes hotel and container tax entitlements, grant and in-kind contributions, program revenues and other income (royalty and memorial maintenance fee).



This graph shows MVA's fiscal year 2015 revenues are primarily from hotel occupancy and container taxes remitted to MVA by the CNMI Government, making MVA a component unit of the CNMI government engaged in governmental activities.

The MVA has no business-type activities from which to generate revenues and relies on cash and in-kind contributions from members to bridge operational costs that cannot be fully covered by the appropriations received.

Expenses

Total agency-wide expenses by function were as follows:

	2015	2014	2013
General government	$ 1,797,939	$ 1,718,018	$ 1,453,050
Marketing	6,593,468	5,547,998	4,363,851
Advertising	485,535	475,274	432,581
Destination enhancement	156,897	212,868	61,862
Bad debts	3,700,406	-	-
Depreciation	41,657	18,811	10,706
Total expenditures	$ 12,775,902	$ 7,972,969	$ 6,322,050

Expenditures for the fiscal year ending September 30, 2015 increased by $4,802,933 over the fiscal year 2014 total.

This is due primarily to a write off of $3,700,406 uncollectible account from the CNMI central government and an increase in the marketing and advertising programs. This includes special events, sponsorship programs, charter flight promotions, co-op promotions, TV filming projects, travel and media familiarization tours, web advertisement and development, collaterals production, travel trade shows, etc. in order to promote the CNMI. The destination enhancement projects in fiscal year 2015 were delayed due to Typhoon Soudelor in early August 2015, for which the CNMI Government declared a State of Emergency and efforts were invested in the recovery from the storm.

OVERALL FINANCIAL POSITION

The overall financial position (net position) of MVA decreased by approximately $2,814,182 primarily due to write off of uncollectible accounts from the CNMI central government. Aside from the write off, MVA's net position was increased by $886,224 due to the full fiscal year implementation in the increase of hotel tax from 10% to 15%, reserved funds on destination enhancement, flower island project, charter flight promotion committed and other projects as approved by the MVA Board in fiscal year 2015 for continued implementation in the next fiscal year.

Given the right level of funding, invested wisely to promote and build demand in key markets along with a targeted plan for destination enhancement, MVA believes that the CNMI tourism industry will improve along with the financial position of the MVA.

MVA must take the lead in funding overseas promotions and continue to encourage support from private funds from tourism industry stakeholders.

FUND ANALYSIS

At the governmental fund level, MVA's fund balance in fiscal year 2015 was increased by $710,571 primarily due to MVA's adopted baseline budget for advertising, marketing and promotional expenditures, and the collection of CNMI appropriations and entitlement. Over the past years, MVA's fund balance has gradually increased from the range of $600,000 to $800,000.

CAPITAL ASSETS

The MVA's investment in capital assets as of September 30, 2015 amounts to $147,358 net of accumulated depreciation. Depreciation expense for the year was $41,657. There was no significant acquisition of capital assets this fiscal year as compared to fiscal year 2014.

Capital assets net of accumulated depreciation are as follows:

	2015	2014	2013
Vehicles	$ 68,108	$ 87,564	$ -
Furniture and fixtures	77,002	90,888	3,243
Maintenance equipment	2,248	4,288	1,887
Net capital assets	$ 147,358	$ 182,740	$ 5,130

FUTURE PLANS

Since April 2013, after the signing of Public Law 18-1, the MVA has realized significant and stable funding sources mainly from the increased Hotel Occupancy Tax. This measure allows MVA to focus on the following items:

- **COMMISSION A CNMI SUSTAINABILITY/FEASIBILITY STUDY**

  The Marianas Visitor Authority (MVA) determined that there's a need to conduct a sustainability/feasibility study on the travel industry on the proposed new hotel developments in the CNMI - estimated to more than triple the number of rooms we have currently. We seek to have the following answered:

  - Average room rate impact of newer hotels on older hotels;
  - Impact on economic activity on island to include the tax revenue;
  - Additional visitors and air services needed for new developments; and
  - Labor needs

  The study will determine the potential growth in arrivals and the capacity for future hotel room supply in CNMI. Such a study will be a crucial step in the planning process and could be utilized by the following parties:

  - The Government - to reassess tourism growth targets, better plan for infrastructure requirements and properly present development opportunities to potential investors;
  - Investors - for an objective assessment of the investment potential of the CNMI hotel market;
  - Financial Institutions and/or Investors - to support a financing decision;
  - Hotel Management Companies - for project evaluation; and
  - Master-Planners, Architects & Designers - for facility requirements and design parameters.

- *Increase the Offshore Marketing and Advertising budget from $6.05 Million to $7.3 Million*. An improvement that will allow the CNMI to compete a bit more favorably with other beach destinations is the proposed increase in the Offshore Marketing and Advertising budget from $6.05 Million to $7.3 Million. These funds will provide enhanced marketing, social media, and public relations projects and will drive programs to increase tourism arrivals to the Northern Mariana Islands. The tourism industry drives the economy of the CNMI and improvements to tourism's bottom line will bring increased prosperity to the overall economy of the CNMI. More visitors spending more money in Saipan, Tinian and Rota means improvements in the quality of life of all CNMI residents.

- *Tour Guide Certification Program*: With the passage of Public Law 18-58, the MVA has been tasked to develop and certify all tour operators and tour guides. As part of this process, the MVA's Board of Directors appropriated funding for two new staff to ensure proper permitting and enforcement of the program. The hiring is now in process.

- *Tourist Exit Survey* will be conducted on a regular basis which is an important element in ensuring that the information obtained is accurate and reliable. A strong research and statistical base for the tourism industry is critical to maintain our international competitiveness and increase our market share.

- *Destination enhancement or product development projects.*

  MVA and the Destination Enhancement Ad Hoc Committee continues to plan and work on the improvement, restoration, rehabilitation and renovation of tourist sites. Current projects include:

  - CNMI-wide Flower Island Project which includes the rehabilitation of Banzai Cliff and Paseo De Marianas (PDM). Currently, we have a Request for Proposal issued on this project.
  - The recently released request for proposal to privatize the daily cleaning and maintenance of the toilet facilities in Banzai Cliff, Grotto and the Last Command Post.
  - The recently released request for proposal to have daily trash cleaning and sweeping of road sides and medians from the JP Center Building in Garapan to the Garapan Police substation as well as within the hotel road district. This includes the road from Bank of Guam to Bank of Saipan in Garapan.
  - The rehabilitation of the Beach Pathway lighting system. This will include the assessment of all power cabinets and all light poles, wiring and light bulbs. The contract with the selected vendor through Invitation for Bid was completed. This is currently being implemented.
  - More projects are coming up such as the improvements at the airport's departure and arrival areas, installation of Public Address System, stage, etc. at the Paseo de Marianas, enhancement and development of interpretative signs at Tourist Sites, improvement at Forbidden Island lookout, Suicide Cliff and Last Command Post, Tinian's Suicide Cliff railings and Taga Beach railings and Rota tourist site signboards. Also under destination enhancement is the "Beautify My Marianas" Cash for Trash program which was implemented in partnership with the Saipan Chamber of Commerce. MVA will continue to look at more destination enhancement projects.

  Below are the destination enhancements completed and in progress:

  - Paseo De Marianas (performance stage, children's play area and tree plantings) -Saipan
  - Priority Safety Items (Tourist Sites railing and stairway repairs) – CNMI
  - Kalabera Cave (new interpretive sign and repair of the parking area) - Saipan
  - Departure and arrival area at the airport (installation of 20 video monitors) - Saipan
  - Forbidden Island lookout (new viewing deck/area) - Saipan
  - Daily maintenance of Garapan District - Saipan
  - Bird Island (new interpretive sign and addition of pavilion) - Saipan
  - Japanese Sugar Mill Train - Rota
  - Mua Train - Rota
  - Bird Sanctuary railings – Rota
  - Carolinas Look-Out-Tinian

- *Modification of the MVA Budget*

  Although this report is for FY 2015, it is important to note that the legislature exercised its authority to modify or redirect funds in FY 2016. In this case, the legislature modified the MVA earmarked monies and allocated $2,532,403 for the following: $1,802,403 for the DPW streetlights; $530,000 for x-ray machines for the Division of Customs and $200,000 for the Mayor of Saipan for cleanup and beautification projects. In the Governor's transmittal letter to the legislature, he noted that the following:

  > Section 301. Redirection of MVA Earmarks
  >
  > The Legislature should be cautious about redirecting MVA earmarks to other programs and activities. Tourism is one of our key sources of revenue, and we need to continue to nurture and grow that market. Redirection of funds could have detrimental effects on tourism and could jeopardize the government's credibility with the Hotel Association of the Northern Mariana Islands when implementing increases in the hotel occupancy tax in the future. To avoid any negative impact on tourism, the Legislature should minimize such redirection of funds. To the extent that the Legislature finds it necessary to redirect MVA's earmarked funds to other items, the Legislature should ensure that there is a nexus between the item and the promotion of tourism. The items funded by the MVA earmarks in this section—(1) streetlights, (2) x-ray scanners for cargo, and (3) cleanup and beautification projections—have a direct nexus to tourism enhancement.

  This allowance concerns the MVA greatly as a nexus or connection can always be made; and the legislature will be free to modify MVA's entitlement or any other agencies' entitlements for that matter every year. We are concerned that the allowance in FY 2016 will only lead to the same in the subsequent years and for more dollars.

CONTACTING MVA

This financial report is designed to provide CNMI residents and taxpayers with an overview of MVA's finances and to show MVA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MVA at (670) 664-3200 or visit our office on Beach Road, next to the San Jose intersection.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Activities - Statements of Net Position

September 30, 2015 and 2014

		2015	2014
ASSETS			
Current assets:			
Cash in bank and on hand - restricted	$	4,475,547	6,031,538
Accounts receivable entitlement - Government of CNMI		3,245,632	4,402,286
Other receivables		10,404	14,376
Prepaid expenses		50,000	50,000
Total current assets		7,781,583	10,498,200
Noncurrent assets:			
Capital assets, net of accumulated depreciation and amortization		147,358	182,740
Total assets	$	7,928,941	10,680,940
LIABILITIES			
Current liabilities:			
Accounts payable	$	1,878,574	1,807,376
Accrued liabilities and benefits		1,085,848	1,102,194
Total current liabilities		2,964,422	2,909,570
Noncurrent liabilities:			
Due within one year			
Accrued compensated absences		13,527	45,000
Due in more than one year			
Accrued compensated absences		104,400	54,496
Total liabilities		3,082,349	3,009,066
Deferred inflows of resources		100	11,200
NET POSITION			
Net investment in capital assets		147,358	182,740
Restricted - expendable		4,699,134	7,477,934
Total net position		4,846,492	7,660,674
	$	7,928,941	10,680,940

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Statements of Activities

For the Years Ended September 30, 2015 and 2014

		Program Revenue		Net (Expenses) Revenues and Change in Net Position — Governmental Activities	
	Expenses	Charges for Services	Grants and Contributions	2015	2014
Governmental activities:					
General government	$ 1,760,185	23,965	-	(1,736,220)	(1,701,788)
Marketing	6,631,222	-	80,832	(6,550,390)	(5,515,238)
Advertising	485,535	36,993	-	(448,542)	(474,917)
Destination enhancement	156,897	-	-	(156,897)	(136,905)
Bad debts	3,700,406	-	-	(3,700,406)	-
Depreciation	41,657	-	-	(41,657)	(18,811)
Total governmental activities	$ 12,775,902	60,958	80,832	(12,634,112)	(7,847,659)
General revenues:					
Hotel and container tax entitlement				9,797,367	9,741,534
Grant income				-	22,490
Royalty income				15,593	21,588
Other income				6,426	11,130
Interest income				544	542
Total general revenues				9,819,930	9,797,284
Change in net position				(2,814,182)	1,949,625
Net position, beginning				7,660,674	5,711,049
Net position, ending				$ 4,846,492	7,660,674

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Funds - Balance Sheets

September 30, 2015 and 2014

		2015	2014
ASSETS			
Current assets:			
Cash in bank and on hand - restricted	$	4,475,547	6,031,538
Accounts receivable entitlement - Government of CNMI		3,245,632	4,402,286
Other receivables		10,404	14,376
Prepaid expenses		50,000	50,000
Total current assets	$	7,781,583	10,498,200
LIABILITIES AND FUND BALANCE			
Current liabilities:			
Accounts payable		1,878,574	1,807,376
Accrued liabilities and benefits		1,085,847	1,102,193
Total current liabilities		2,964,421	2,909,569
Deferred inflows of resources		100	3,482,140
Fund balances:			
Nonspendable - not in spendable form		50,000	50,000
Assigned		4,767,062	4,056,491
Total fund balance		4,817,062	4,106,491
	$	7,781,583	10,498,200

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Funds - Statements of Revenues, Expenditures, and
Changes in Fund Balance

For the Years Ended September 30, 2015 and 2014

	2015	2014
Revenues:		
Hotel and container tax entitlement	$ 9,586,657	8,343,499
Charges for services	60,958	92,193
In-kind contributions	80,832	33,117
Grant income	-	22,490
Royalty income	15,593	21,588
Other income	6,426	11,130
Interest income	544	543
Total revenues	9,751,010	8,524,560
Expenditures:		
General government	1,760,185	1,709,906
Marketing	6,631,222	5,547,998
Advertising	485,535	475,274
Destination enhancement	156,897	212,868
Capital outlay-current expenditures	6,600	8,112
Total expenditures	9,040,439	7,954,158
Excess of revenues over expenditures	710,571	570,402
Assigned fund balance, beginning of year	4,106,491	3,536,089
Assigned fund balance, end of year	$ 4,817,062	4,106,491

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

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

For the Years Ended September 30, 2015 and 2014

		2015	2014
Fund balance	$	4,817,062	4,106,491
Amounts reported for governmental activities in the Balance Sheet differ from the amounts reported in the Statements of Net Position because:			
Long-term liabilities that are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Accrued compensated absences		(18,431)	(99,496)
Deferred inflows of resources for receivables from CNMI that are not available within 60 days after the year-end.		100	3,470,939
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		47,761	182,740
Total net position - governmental activities	$	4,846,492	7,660,674

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with the Agency-Wide Statement of Activities

For the Years Ended September 30, 2015 and 2014

		2015	2014
Net change in fund balance - governmental funds		$ 710,571	570,402
Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balance differ from amounts reported in the Statement of Activities because:			
Unearned revenues for receivables from CNMI that are not available within 60 days after the year-end.	$ 100		
Unearned revenues prior year	(3,489,796)	(3,489,696)	1,178,482
Collections for appropriations that were unearned in prior year		-	211,440
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statements of net position and allocated over their estimated useful lives as annual depreciation expense in the statements of activities. This is the amount by which capital outlays exceed depreciation in the period.			
Capital outlays	6,600		
Depreciation expense	(41,657)	(35,057)	(10,699)
Changes in net position of governmental activities		$ (2,814,182)	1,949,625

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The financial statements of the Marianas Visitors Authority (MVA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Boards (GASB) is the primary source of governmental accounting and financial reporting principles. Some of the MVA's more significant accounting policies are summarized below, along with some of the practices that are unique to governments.

A. Reporting Entity

On June 17, 1998, Public Law No. 11-15 was enacted and this law deleted in its entirety Section 302(b) of Executive Order 94-3 and abolished the Marianas Visitors Bureau (MVB) to establish the MVA, a non-stock/nonprofit public corporation organized for the purpose of promoting the visitor industry in the Commonwealth of the Northern Mariana Islands (CNMI).

Pursuant to Public Law 11-15, all corporate powers are held and exercised by or under authority of the Board of Directors, subject to the limitations of the Organization's by-laws and the laws of the Northern Mariana Islands. The Board is composed of nine members, of whom five members are appointed by the Governor with the advice and consent of the Senate and four members are chosen by the members of MVA.

In accordance with its enabling legislation and subsequent amendments, MVA receives an appropriation and entitlement of the hotel room occupancy taxes and alcoholic beverage container taxes collected by the CNMI Government.

B. Agency-wide and Fund Financial Statements

Agency-wide financial statements display information about the reporting government as a whole.

The purpose of the Statement of Activities is to allow financial statement users to determine operating results of the MVA in its entirety over a period of time. It demonstrates the degree to which direct expenses are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase or use goods and services provided by a given function. The MVA's program revenues include, but are not limited to, charges to customers from sales during events, fees collected from participants of special events and contributions in cash and in-kind from the private sector.

(1) Summary of Significant Accounting Policies, Continued

B. Agency-Wide and Fund Financial Statements, Continued

In-kind contributions restricted for special events or advertising and marketing activities are classified as revenues and expenses of these activities.

Appropriations from the CNMI and other items not included among program revenues are reported instead as general revenues.

Governmental fund financial statements are separate financial statements for government funds.

MVA maintains only one fund, which is a general fund at the MVA level.

Governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund types are used to account for the general governmental activities. The operating fund of the MVA is the general fund. MVA has no capital projects or debt service funds.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of measurement focus.

(1) Summary of Significant Accounting Policies, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Agency-wide financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus. An economic resource focus concentrates on a fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using a modified accrual basis and the current financial resources measurement focus. Earned revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and other expenditures having a due date are recorded only when payment is due.

Since the fund financial statements are presented on a different measurement focus and basis of accounting than the agency-wide statements' governmental column, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the agency-wide presentation. This reconciliation is part of the financial statements.

The financial transactions of the MVA are recorded in the general fund. The operations of this fund are accounted for with self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the government combined) for the determination of major funds for financial reporting purposes. GASB 34 also gives governments the discretion to include as major funds those having particular importance.

Net Position/ Fund Balances

Net position in government-wide fund financial statements are composed of three sections:

- Net investment in capital assets:

  Capital assets, net of accumulated depreciation and net of related debts attributable to the acquisition, construction of or improvements of those assets.

(1) Summary of Significant Accounting Policies, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

- Restricted:

  Nonexpendable - net position subject to externally imposed stipulations that require MVA to maintain them permanently.

  Expendable – Net position whose use by MVA is subject to externally imposed stipulations that can be fulfilled by actions of MVA pursuant to those stipulations or that expire with the passage time.

  Unrestricted:

  Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund balances are classified as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year-end.

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

- Unassigned – includes negative fund balances in other governmental funds.

(1) Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities and Equity

1. Receivables and Payables

For agency-wide financial statements, receivables and related revenues are recognized as soon as they are earned, whereas for governmental fund financial statement purposes, receivables and related revenues are recognized only when they are both measurable and available.

Appropriations and entitlements from the CNMI Government, the MVA's major revenue source, are considered measurable and available when they can be collected within 60 days after year-end.

Receivables are reported at gross value and, if appropriate, are reduced by any significant amounts expected to be uncollectible.

2. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

3. Capital Assets

Capital assets, which include property and equipment, are accounted for in the agency-wide financial statements. All capital assets are valued at historical cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Donated assets are valued at their fair value on the date of gift.

Capital assets purchased or acquired with original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of assets are capitalized. The cost of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Net Position.

(1) Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities and Equity

Estimated useful lives, in years, for depreciable assets are as follows:

Asset Description	Years
Maintenance equipment	2-10
Furniture and fixtures	3-10
Vehicles	3-5
Building and leasehold improvements	10-20

4. Compensated Absences

Compensated absences represent the accumulated liability to be paid under MVA's current annual leave policy.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16 – *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Unused leave is payable to employees upon resignation or termination of employment if the employee has completed one year or more of service. An employee cannot carry over to the following calendar year accumulated annual leave in excess of three hundred sixty (360) hours. However, any annual leave accumulated in excess of 360 hours as of the end of the calendar year can be converted to sick leave on the last day of such calendar year. At September 30, 2015 and 2014, accrued annual leave was $117,927 and $96,246, respectively.

5. Fund Balances

MVA's board of directors is authorized to assign amounts to a specific purpose. MVA's board of directors has established a policy to provide such authority to the board of directors.

E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies, Continued

F. Adopted Pronouncements

GASB Statement No. 40, *"Deposit and Investment Risk Disclosures",* an amendment of GASB Statement No. 3. GASB 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive risk disclosure requirements relating to other common risks of investments, such as credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As of September 30, 2015, MVA is not exposed to any risks required to be disclosed under GASB 40 as all its deposits are under MVA's name and are fully covered by FDIC insured limits (Note 4).

G. Recent Accounting Pronouncements

GASB issued Statement No. 68 *"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

(1) Summary of Significant Accounting Policies, Continued

G. Recent Accounting Pronouncements, Continued

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged. There is no financial impact to MVA for the fiscal year ended September 30, 2015.

GASB issued Statement No. 69 *"Government Combinations and Disposals of Government Operations."* This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The implementation of this statement did not have a material effect on the accompanying financial statements.

(1) Summary of Significant Accounting Policies, Continued

G. Recent Accounting Pronouncements, Continued

GASB issued Statement No. 70. *"Accounting and Financial Reporting for Nonexchange Financial Guarantees."* This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. The implementation of this statement did not have a material effect on the accompanying financial statements.

GASB issued Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, "which resolves the transition issues in GASB Statement No. 68, "Accounting and Financial Reporting for Pensions"* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

(1) Summary of Significant Accounting Policies, Continued

G. Recent Accounting Pronouncements, Continued

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The implementation of this statement did not have a material effect on the accompanying financial statements of MVA.

New Accounting Standards

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application,* which addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes.

This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debts and equity securities within the fair value hierarchy on the basis of the nature and risk of investment. The provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will not have a material effect on the financial statements of MVA.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statement 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015, with the exception of the provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements of MVA.

In June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment benefits Plans Other Than Pension Plans.* This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement also addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions or OPEB.

The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements of MVA.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of *Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and provide guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 establish new accounting and financial reporting requirements for OPEB plans. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The provisions in Statements No. 75 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MVA.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MVA.

(1) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures,* which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MVA.

(2) Reconciliation Of Agency-Wide And Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the agency-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the agency-wide statements of net position. The net adjustments for 2015 and 2014 consist of the following:

Description	2015	2014
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund (total capital assets on agency-wide statement in governmental activities column):	$ 605,623	751,861
Less accumulated depreciation	(458,265)	(569,121)
Net capital assets	147,358	182,740
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:		
Annual leave liability	(117,927)	(99,496)
Receivable from CNMI that is not available within 60 days after year end	-	1,398,035
Net adjustment	$ 29,431	1,481,279

(2) Reconciliation Of Agency-Wide And Fund Financial Statements, continued

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the agency-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the agency-wide statement of activities. The adjustments are as follows.

Description	2015	2014
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures.		
Compensated absences – net	$ 18,431	3,249
Some revenues reported in the Statement of Activities are not available for current financial obligations and therefore not reported as income.		
CNMI appropriation	210,710	1,398,035
Capital outlays reported in the fund statements	6,600	8,112
Depreciation expense, the allocation of capital outlays over useful lives of the assets, that is recorded on the Statement of Activities but not in the fund statements.	(35,057)	(10,699)
Net adjustments	$ 200,684	1,398,697

(3) Budgetary Information

Accounting principles used in developing data on a budgetary basis differ from those used in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Amounts included in the Statement of Revenues, Expenditures and Changes Fund Balance – Budget and Actual – General Fund (which are presented on a non-GAAP budgetary basis) reconcile to the fund balance on the accompanying Balance Sheet and Statement of Net Position.

(3) Budgetary Information, continued

MVA has no authority to impose taxes to generate revenue. MVA is an autonomous agency and a component unit of the CNMI government and it receives annual appropriations and entitlement from the government. The CNMI legislative budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted by the Legislature for MVA through an Annual Appropriations Act.

(4) Cash in bank and on hand

As of September 30, 2015 and 2014 cash and cash equivalents consist of the following:

	2015	2014
Petty cash	$ 703	1,603
Cash in bank	4,474,844	6,029,935
	$ 4,475,547	6,031,538

At September 30, 2015 and 2014 the carrying amount of MVA's total cash and cash equivalents (excluding petty cash) was $4,475,547 and $6,031,538, respectively. The corresponding bank balances as of September 30, 2015 and 2014 were $4,539,218 and $6,101,852, respectively, of which the entire balance was within Federal Deposit Insurance Corporation (FDIC) insurance limits or was collateralized by the bank.

(5) Receivable from the CNMI Government

The CNMI Government appropriated a total of $12,720,001 and $8,490,033 for MVA's operational use for the years 2015 and 2014, respectively, under the Budget Authority Act of 2015 (Public Law 18-66).

The following is a summary of the changes in the "Due from CNMI government" for the fiscal years ended September 30, 2015 and 2014:

(5) Receivable from the CNMI Government, continued

		2015	2014
Due from CNMI government, beginning	$	4,402,286	5,717,558
CNMI appropriation and entitlement		9,797,367	8,490,034
Sub-total		14,199,653	14,207,592
Collections:			
For prior year's appropriation and entitlement		(707,773)	(1,817,488)
For current year's appropriation and entitlement		(6,545,842)	(7,195,088)
Subtotal		6,946,038	5,195,016
Write-off uncollectible balance		(3,700,406)	-
Allowance for doubtful accounts		-	(792,730)
Due from CNMI government, net	$	3,245,632	4,402,286

During the year ended September 30, 2015, MVA's board of directors performed an evaluation of uncollectible balances from CNMI government, the board believe that those long outstanding receivables were no longer possible for collection, therefore the board approved the direct write off of $4.5 million. The actual write off was $3,700,406. The long outstanding receivables were the uncollected hotel occupancy tax and appropriations from the past 3 to 5 years.

(6) Changes in Capital Assets

The following is a summary of changes in capital assets for the fiscal years ended September 30, 2015 and 2014:

	September 30, 2015				
		Balance October 1, 2014	Additions Transfer	Deletions Retirements	Balance September 30, 2015
Vehicle and equipment	$	224,011	-	-	224,011
Office furniture, fixtures and equipment		290,222	8,118	-	298,340
Leashold improvements		152,512	-	-	152,512
Maintenance equipment		83,272	-	-	83,272
		750,017	8,118	-	758,135
Less accumulated depreciation and amortization:					
Vehicle and equipment		136,448	19,455	-	155,903
Office furniture, fixtures and equipment		201,005	20,333	-	221,338
Leasehold improvements		152,508	4	-	152,512
Maintenance equipment		77,316	3,708	-	81,024
		567,277	43,500	-	610,777
Governmental activities capital assets, net	$	182,740	(35,382)	-	147,358

	September 30, 2014				
		Balance October 1, 2013	Additions Transfer	Deletions Retirements	Balance September 30, 2014
Vehicle and equipment	$	126,726	97,285	-	224,011
Office furniture, fixtures and equipment		197,884	92,338	-	290,222
Leashold improvements		152,512	-	-	152,512
Maintenance equipment		78,318	4,954	-	83,272
		555,440	194,577	-	750,017
Less accumulated depreciation and amortization:					
Vehicle and equipment		126,719	9,729	-	136,448
Office furniture, fixtures and equipment		194,640	6,365	-	201,005
Leasehold improvements		152,508	-	-	152,508
Maintenance equipment		76,443	2,717	1,844	77,316
		550,310	18,811	1,844	567,277
Governmental activities capital assets, net	$	5,130	175,766	1,844	182,740

Most capital assets are not directly identifiable to specific governmental activities, thus depreciation expense is presented as unallocated in the Statement of Activities.

(7) Deferred Inflows of Resources

Revenues collected in advance of the fiscal year in which they are earned are recorded as deferred inflows of resources in the agency-wide and fund financial statements. Deferred inflows of resources in the fund financial statements also include revenues that are measurable but not available. Subsequently, all receivables were collected as of December 31, 2015.

At September 30, 2015 and 2014, deferred inflows of resources totaled $-0- and $3,482,140 respectively, as reported in the accompanying fund financial statements.

(8) Noncurrent Liabilities

MVA's noncurrent liabilities consist of accrued annual leave summarized as follows:

	2015	2014
Beginning balance	$ 99,496	96,246
Additional accrual	31,958	91,864
Annual leave used	(13,527)	(88,614)
Ending balance	117,927	99,496
Due within one year	(13,527)	(45,000)
Due in more than one year	$ 104,400	54,496

(9) Risk Management

The MVA is exposed to various risks of loss related to thefts of, damage to, and destruction of assets; injuries to employees and third parties; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties.

(10) Commitments and Contingencies

MVA entered into a non-cancelable lease agreement covering their office in Saipan with an initial term of five years expiring on April 16, 2013 with an option to renew for an additional five years with the same terms. The lease agreement calls for payment of $4,700 per month. Subsequently, MVA extended the contract for another six months expiring October 15, 2013.

On January 16, 2014 MVA entered into a lease agreement for their main office facility in Saipan with a term of five years expiring on January 16, 2018 with an option to renew for additional three years on the same terms and conditions. The lease agreement calls for payment of $4,500 per month.

(10) Commitments and Contingencies, continued

Minimum future lease payments (excluding the renewal period) are as follows:

Years ending September 30:	
2016	$ 54,000
2017	54,000
2018	36,000
	$ 144,000

(11) Retirement Plan

MVA contributes to the Northern Mariana Islands Retirement Fund (NMIRF), a defined benefit, cost-sharing multi-employer pension plan established and administered by the CNMI. NMIRF provides retirement, security and other benefits to employees of the CNMI government and CNMI agencies, instrumentalities and public corporations, and to their spouses and dependents. Benefits are based on the average annual salary over the term of credited service. Generally, benefits vest after three years of credited service. Early retirement is available after 10 years of vesting service if the member is at least 52 years of age. Members who retire at or after age 60 or with 25 years of vesting service are entitled to retirement benefits. CNMI Public Law 6-17, the Northern Mariana Islands Retirement Fund Act of 1988, is the authority under which benefit provisions are established.

As a result of the Fund's actuarial valuation report (as of October 1, 2010), issued in January 2013, the actuarially determined contribution rate for the fiscal year ended September 30, 2010 was 60.8686% of covered payroll. At September 30, 2012 and 2011, the established statutory rate was 37.3909% of covered payroll.

Public Law No. 15-126 authorizes the CNMI Government to remit only 18.667% of covered payroll and accrue the balance as a liability to the NMIRF. The employer contribution remittance was further reduced by public Law No. 16-2 to 11% of covered payroll. Class I Members who are active employees contribute 7.5% of salary for fiscal year 2008 and will increase their rate of contribution by 1.0% per year until it reaches 10.5%. Refund is made on termination with less than 10 years of service. Class II Members who are active employees contribute 10% of salary for fiscal year 2008 and will increase their rate of contribution by 1.0% per year until it reaches 11.0%. Members who terminate with less than 3 years of service will receive a refund of their accumulated contributions with interest.

The Class I and Class II refunds stated above are subject to an early withdrawal penalty of 10% of the total contributions, excluding interest. Class II Members who terminate with 3 but less than 20 years of service may request a refund of their accumulated contributions with interest in lieu of their termination benefits.

(11) Retirement Plan, Continued

If a member or survivor dies before receiving annuity payments which equal or exceed 1/3 of the member's accumulated contributions with interest, the balance will be paid to the beneficiary. The Fund uses the level percentage of payroll method to amortize the unfunded liability over a period not to exceed 40 years from October 1, 1980, amended through Public 6-17 effective May 7, 1989 as amended through June 14, 2007. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

The Fund utilizes the actuarial cost method termed "entry age normal cost" with actuarial assumptions used to compute the pension benefit obligation as follows: (a) GASB 67/68 discount rate of 3.20% per year on the investment of present and future assets, (b) a 3% increase in employee salaries compounded annually until retirement, (c) expenses at 1.1% of total payroll, and (d) for actives, earlier of age 62, if eligible, and 25 years of membership service, for inactives, age 62 for Class I and age 60 for Class II.

MVA does not have any employees at September 30, 2015 and 2014 who were participants in the NMIRF defined benefit plan.

(12) Life and Health Insurance

Annuitants may elect to continue their CNMI Government life and health insurance coverage under the same terms and conditions in force at the time of retirement. Half of the life insurance premium will be paid by the Fund. The Fund will pay the same portion of the health insurance premium as paid for active employees by the government. The government portion of health premiums is assumed to be $1,142.89 per year. Retirees and beneficiaries pay the employee portion of the premiums through deduction from their periodic benefit payments. In addition to providing pension benefits, the CNMI Government also ensures that employees are provided with medical and life insurance benefits. The CNMI Government created the Group Health and Life Insurance Trust Fund ("Trust Fund"), held in trust and administered by the Northern Mariana Islands Retirement Fund (NMIRF). MVA contributes to the Group Health and Life Insurance program. This is open to active employees who work at least 20 hours per week and retired CNMI government employees who retire as a result of length of service, disability or age, as well as their dependents.

Further, these eligible persons must have elected to enroll during the period permitted in the Emergency Regulations adopted on September 6, 1996.

(12) Life and Health Insurance, Continued

Life insurance coverage is to be provided by a private carrier. Contributions from employees and employers are based on rates as determined by NMIRF Board of Trustees. Employee deductions are made through payroll or pension or benefit withholdings.

(13) Reclassifications of Accounts

Certain reclassifications have been made to the 2014 financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net assets in the agency-wide financial statements.

(14) Subsequent Events

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through February 15, 2016, which is the date the financial statements were available to be issued. There were no such events requiring disclosure.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Budgetary Comparison Schedule

For the Year Ended September 30, 2015

		Budgeted Amounts			Variance with Final Budget Positive
		Original	Final	Actual	(Negative)
Revenues:					
Hotel and container tax entitlement, net of P.L. 18-66	$	12,405,643	10,240,646	9,586,657	(653,989)
In-kind contributions		-	-	80,832	80,832
Membership dues		-	-	23,965	23,965
Concession vendor fees		-	-	22,862	22,862
Royalty income		-	-	15,593	15,593
Memorial trust income		-	-	14,131	14,131
Other income		-	-	6,426	6,426
Interest income		-	-	544	544
Total revenues		12,405,643	10,240,646	9,751,010	(489,636)
Expenditures:					
Promotion and advertising		8,532,000	7,064,645	7,035,925	28,720
Personnel service		1,341,134	920,071	981,200	(61,129)
Professional fees		375,605	202,136	182,516	19,620
Tourist site security and maintenance		245,691	163,200	161,614	1,586
Destination enhancement		1,150,000	156,547	156,897	(350)
Tinian municipality charter incentive		125,737	91,737	97,910	(6,173)
Rota municipality charter incentive		125,737	91,737	97,910	(6,173)
In-kind contribution of promotion and advertising		-	-	80,832	(80,832)
Rental		54,000	43,034	47,426	(4,392)
Printing and publications		52,000	49,000	45,194	3,806
Insurance		29,500	27,853	27,853	-
Communications		24,000	24,000	25,595	(1,595)
Utilities		68,400	29,600	24,505	5,095
Maintenance supplies		18,000	18,000	16,246	1,754
Office supplies		21,500	20,200	14,253	5,947
Fuel and lubrication		30,500	16,600	14,162	2,438
Travel		35,000	13,000	10,676	2,324
Office equipment, rentals, repairs		22,740	10,400	7,396	3,004
Computer systems and equipment		110,800	10,800	6,600	4,200
Bank charges and penalties		-	-	3,049	(3,049)
Dues and subscriptions		4,800	3,000	2,680	320
Repairs and maintenance		21,000	23,000	-	23,000
Postage and freight		9,500	4,000	-	4,000
Miscellaneous		7,999	3,000	-	3,000
Total expenditures		12,405,643	8,985,560	9,040,439	(54,879)
Excess of revenues over expenditures		-	1,255,086	710,571	(544,515)
Assigned Fund balance, beginning of year		1,168,781	2,438,768	4,106,491	-
Assigned fund balance, end of year	$	1,168,781	3,693,854	4,817,062	(544,515)

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Supplemental Schedule

Schedule of Functional Expenditures - Statement of Activities
For the Years Ended September 30, 2015 and 2014

	General Government	Marketing	Advertising	Destination Enhancement	Depreciation	Total 2015	Total 2014
Advertising and marketing	$ -	6,631,222	485,535	-	-	7,116,757	6,203,023
Bad debts	3,700,406					3,700,406	-
Personnel service and related expenses	981,200	-	-	-	-	981,200	925,768
Tourist site security maintenance	161,614	-	-	-	-	161,614	152,706
Destination enhancement	-	-	-	156,897	-	156,897	-
Tinian municipality charter incentive	97,910	-	-	-	-	97,910	87,410
Rota municipality charter incentive	97,910	-	-	-	-	97,910	87,410
In-kind contributions	80,832	-	-	-	-	80,832	18,811
Professional fees	67,930	-	-	-	-	67,930	171,924
Rentals	47,426	-	-		-	47,426	33,117
Printing and publication	45,194	-	-	-	-	45,194	35,979
Depreciation	41,657	-	-	-	-	41,657	17,716
Repairs and maintenance	33,754	-	-	-	-	33,754	20,521
Insurance	27,853	-	-	-	-	27,853	10,681
Communications	25,595	-	-	-	-	25,595	40,618
Utilities	24,505	-	-	-	-	24,505	61,451
Maintenance supplies	16,246	-	-	-	-	16,246	1,576
Office supplies	14,253	-	-	-	-	14,253	16,026
Fuel and lubrication	14,162	-	-	-	-	14,162	24,658
Travel	10,676	-	-	-	-	10,676	20,311
Office equipment, rental, repairs	7,396	-	-	-	-	7,396	12,184
Bank charges and penalties	3,049	-	-	-	-	3,049	4,540
Dues and subscriptions	2,680	-	-	-	-	2,680	23,828
Postage and freight	-	-	-	-	-	-	2,243
Miscellaneous	-	-	-	-	-	-	468
Total expenditures	$ 5,502,248	6,631,222	485,535	156,897	-	12,775,902	7,972,969

See accompanying notes to financial statements.

INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

YEAR ENDED SEPTEMBER 30, 2015

BCM, LLC
Suite 203 MH II Building
Marina Heights Business Park
P.O. Box 504053
Saipan MP, 96950

BCM
BURGER · COMER · MAGLIARI
CERTIFIED PUBLIC ACCOUNTANTS

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
Marianas Visitors Authority

We have audited, in accordance with the 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 Marianas Visitors Authority (MVA), a component unit of the Commonwealth of the Northern Mariana Islands government, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Marianas Visitors Authority's basic financial statements and have issued our report thereon dated February 5, 2016

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marianas Visitors Authority's internal control over financial reporting (internal control) to determine the 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 Marianas Visitors Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Marianas Visitors 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Suite 203 MH II Building, Marina Heights Business Park ▪ P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837 ▪ Fax Nos. (670) 235-6905 (670) 233-8214

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marianas Visitors 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 determination of financial statement amounts. 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 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.

Burger Comer Magliari

Commonwealth of the Northern Mariana Islands
February 15, 2016

Suite 203 MH II Building, Marina Heights Business Park ▪ P.O. Box 504053, Saipan, MP 96950
Tel Nos. (670) 235-8722 (670) 233-1837 ▪ Fax Nos. (670) 235-6905 (670) 233-8214

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

1. The Independent Auditors' Report on the financial statements of the Fund expressed an unqualified opinion.

2. No reportable conditions in internal control over financial reporting were identified for 2015.

3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Current Year Findings:

None reported

Prior Year Findings:

None reported