

**CARSON CITY CONVENTION  
& VISITORS BUREAU**

**Audited Financial Statements**

**For the year ended June 30, 2011**

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## **FINANCIAL SECTION**



# Mary C. Sanada, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Carson City Convention & Visitors Bureau

I have audited the accompanying financial statements of the governmental activities of Carson City Convention & Visitors Bureau as of and for the year ended June 30, 2011, which comprises the Convention & Visitors Bureau's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carson City Convention & Visitors Bureau's management. My responsibility is to express opinions on these financial statements based on my audit.

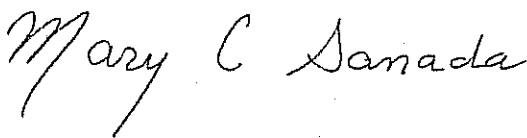
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of the Carson City Convention & Visitors Bureau as of June 30, 2011, and the respective changes in financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

I have also issued a report on my tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of my audit and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 23 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

The Budgetary Comparison Schedule – General Fund Department of Taxation Format report is included for purposes of additional analysis. I did not audit the information and express no opinion on it.



Mary C. Sanada, CPA

Carson City, NV  
September 12, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Carson City Convention & Visitors Bureau (Bureau) provides this discussion and analysis of the Bureau's Component Unit Financial Report (CUFR) for readers of the Bureau's financial statements. This narrative overview and analysis of the financial activities of the Carson City Convention & Visitors Bureau is for the fiscal year ended June 30, 2011.

### HIGHLIGHTS

#### **Government-wide:**

*Net assets* – The assets of the Bureau exceeded its liabilities in the governmental funds at the close of the fiscal year ended June 30, 2011, by \$1,067,938. Of this amount, \$112,035 related to fixed assets, \$203,022 was restricted for the V & T Capital Project Fund, \$221,077 was restricted for the Park Bond Capital Project Fund and \$2,044 was restricted for building improvements, per a joint agreement with the Carson City Chamber of Commerce. \$150,000 has been designated by the board as a minimum fund balance in the general fund and \$100,000 designated in each of the capital project funds. In August 2009, the Bureau established an enterprise fund to operate the V&T Railroad under a contract with the Commission to Reconstruct the V&T Railway. At the close of the fiscal year, the V&T Enterprise Fund had net assets of \$36,050.

*Changes in Net Assets* – The Bureau's total net assets decreased \$194,524 in the governmental funds and \$24,715 in the enterprise fund for the fiscal year ended June 30, 2011.

#### **Fund-level:**

At the close of the fiscal year, the Bureau's governmental funds reported a combined ending fund balance of \$1,003,956 a decrease of \$198,953; the general fund had a net decrease of \$47,379; the V & T Capital Projects Fund a decrease of \$48,936 and the Park Bond Capital Project Fund had a net decrease of \$102,638.

#### **Long-term Debt (government-wide):**

The Bureau's obligation for unused sick and vacation leave increased by \$1,092 (a 1.8% increase). The Bureau is also obligated under a capital lease which had an outstanding balance of \$3,615 at year end, \$1,215 of which is current.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Carson City Convention & Visitors Bureau's basic financial statements which is comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The required supplementary information on budgets has been combined with the fund financial statements.

#### **Government-wide Financial Statements:**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Bureau's finances in a manner similar to the private sector. They take into account all revenues and expenses connected with the fiscal year regardless of when cash is received or paid.

The government-wide financial statements include the following two statements:

The *statement of net assets* presents *all* of the Bureau's assets and liabilities, with the difference between the two reported as "net assets". The statement combines and consolidates all of the Bureau's current financial resources with capital assets and long-term obligations. Over time, increases and decreases in net assets measure whether the Bureau's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Bureau's net assets changed during the most recent fiscal year. The statement reveals how much it costs the Bureau to provide its various services, and whether the services cover their own costs through user fees, charges or grants, or are financed with taxes and other general revenues. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of cash flows. Therefore, some revenue and expenses reported in this statement will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused leave).

#### **Fund Financial Statements:**

A fund is an accounting entity consisting of a set of self-balancing accounts to track funding sources and spending for a particular purpose. The Bureau's maintains three governmental funds, which account for the basic programs of the Bureau. These funds focus on short-term inflows and outflows of expendable resources as well as balances left at the end of the fiscal year available to finance future activities. These funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. The V&T Enterprise Fund uses accrual accounting.

#### **Notes to Financial Statements:**

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

<b>Assets</b>	
Current and other assets	\$ 1,368,429
Net capital assets	113,250
<b>Total assets</b>	<b>1,481,679</b>
<b>Liabilities</b>	
Current liabilities	314,435
Long-term liabilities	63,256
<b>Total liabilities</b>	<b>377,691</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	112,035
Restricted	426,143
Unrestricted	565,810
<b>Total net assets</b>	<b>\$ 1,103,988</b>

#### **Net Assets:**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Bureau's net assets totaled \$1,103,988 at the end of June 2011, compared with \$1,323,227 at the end of the previous year.

Almost all of the Bureau's net assets are held in cash (\$1,051,070 or 95.2%). Of the cash \$371,199 is held to pay off the V&T Bonds and \$92,825 is held to pay the D9 Golf Consortium expenses.

## Changes in Carson City Convention & Visitors Bureau Net Assets

<b>Revenues</b>	
E Sales	\$ 466,212
Operating grants and contributions	156,196
<b>General revenues</b>	
Transient lodging taxes	1,205,647
Interest income	2,682
<b>Total revenues</b>	<u>1,830,737</u>
<b>Expenses</b>	
General government	231,968
Culture and recreation	543,353
Debt service	87
Intergovernmental:	
General Fund – Park & Recreation	25,000
V&T Capital Project Fund	301,738
Park Bond Capital Project Fund	355,530
V&T Enterprise Fund	592,300
<b>Total expenses</b>	<u>2,049,976</u>
<b>Changes in net assets</b>	(219,239)
Net assets, beginning of year	<u>1,323,227</u>
 <b>Net assets, end of year</b>	 <u><u>\$ 1,103,988</u></u>

### Changes in Net Assets:

The net assets decreased by \$219,239. Approximately 66% of the total revenue came from lodging taxes, and 24% from train ride tickets. The majority of the expenses were for the various programs of the Bureau to promote tourism in the Carson City region, expenses to operate the V&T Railroad and to pay for the interest and principal on the V&T and the Park Bonds.

## FINANCIAL ANALYSIS OF THE BUREAU'S FUNDS

At the end of the current fiscal year, the Bureau's funds reported a combined ending fund balance of \$1,040,006, a decrease of \$223,668 in comparison with the prior year. Approximately \$453,020 or 43.6% is unreserved and undesignated and therefore available for new spending. The remainder of the fund balance is designated or reserved because it has already been committed.

In addition to its general operating fund, the Bureau maintains a V & T capital project fund to accumulate resources to build the Virginia & Truckee Railroad and to service the debt which was incurred by the Commission to Reconstruct the Virginia and Truckee Railroad, the proceeds of which were used in the construction project. 2% of the transient lodging tax that the Bureau collects goes to this fund. Expenses included \$301,738 for bond interest and principal payments.

The Bureau also maintains a Park Bond Capital Project Fund which receives 2% of the lodging tax. \$355,530 was expended from this fund for interest and principal payments on bonds.

General Fund revenues increased 4.5% over the prior year, due to an increase in transient lodging collections and grants. Expenditures in the general fund increased 6.7%.

## **ANALYSIS OF GENERAL FUND BUDGET VARIATIONS**

The overall general fund budgeted revenue increased from original to final by \$39,500 due to Nevada Commission on Tourism and Carson City Redevelopment grants. There were some minor transfers among expense categories in June 2011 - some were augmented and some were deaugmented. Actual transient lodging tax revenue was 5.1% above the budgeted figure.

## **CAPITAL ASSETS**

The Bureau's capital assets amounted to \$199,939, with accumulated depreciation of \$86,689, leaving net book value of \$113,250. This investment includes shared ownership of a building with the Carson City Chamber of Commerce, the attached parking lot, office furniture and equipment and investment in a web site.

## **ECONOMIC CONDITION AND OUTLOOK**

Carson City has seen a slight increase in lodging rentals this past year. Special events and golf courses as well as the train operation (beginning in August 2009), continue to attract tourists to the area. The outlook for 2011/2012 is uncertain, due to current economic conditions.



## **BASIC FINANCIAL STATEMENTS**

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 974,719	\$ 76,351	\$ 1,051,070
Cash held for others	92,825	-	92,825
Lodging tax receivable	163,772	-	163,772
Accounts receivable	562	6,891	7,453
Grants receivable	12,500	14,000	26,500
Interest receivable	102	-	102
Prepaid expenses	-	4,174	4,174
Inventory	10,843	8,300	19,143
Start-up expenses	-	3,390	3,390
Capital assets, net of depreciation	113,250	-	113,250
<b>Total assets</b>	<u>1,368,573</u>	<u>113,106</u>	<u>1,481,679</u>
<b>LIABILITIES</b>			
Accounts payable	121,054	24,730	145,784
Due to other governments	20,680	-	20,680
Deferred revenue	1,605	52,326	53,931
Funds held for others	92,825	-	92,825
Noncurrent liabilities:			
Lease obligation due within one year	1,215	-	1,215
Lease obligation due in more than one year	2,400	-	2,400
Accrued compensated absences	60,856	-	60,856
<b>Total liabilities</b>	<u>300,635</u>	<u>77,056</u>	<u>377,691</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	112,035	-	112,035
Restricted for:			
Building improvements	2,044	-	2,044
Park Bonds	221,077	-	221,077
V&T Railroad	203,022	-	203,022
Unrestricted	529,760	36,050	565,810
<b>Total net assets</b>	<u>\$ 1,067,938</u>	<u>\$ 36,050</u>	<u>\$ 1,103,988</u>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
General government	\$ 231,968	\$ -	\$ -
Culture and recreation	543,353	17,755	37,136
Intergovernmental	682,268	-	-
Debt service	87	-	-
Total governmental activities	<u>1,457,676</u>	<u>17,755</u>	<u>37,136</u>
<b>Business-type activities:</b>			
V&T Railroad	<u>592,300</u>	<u>448,457</u>	<u>119,060</u>
Total business-type activities	<u>592,300</u>	<u>448,457</u>	<u>119,060</u>
<b>Total</b>	<u><u>2,049,976</u></u>	<u><u>466,212</u></u>	<u><u>156,196</u></u>

**General revenues**

Taxes

Room tax

Interest income

Total general revenues and transfers

**Change in net assets**

Net assets, July 1, 2010

Net assets, June 30, 2011

See accompanying notes

**Net (Expenses) Revenues and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (231,968)	\$ -	\$ (231,968)
(488,462)	-	(488,462)
(682,268)	-	(682,268)
(87)	-	(87)
<u>(1,402,785)</u>	<u>-</u>	<u>(1,402,785)</u>
-	(24,783)	(24,783)
-	(24,783)	(24,783)
<u>(1,402,785)</u>	<u>(24,783)</u>	<u>(1,427,568)</u>
1,205,647	-	1,205,647
2,614	68	2,682
<u>1,208,261</u>	<u>68</u>	<u>1,208,329</u>
(194,524)	(24,715)	(219,239)
<u>1,262,462</u>	<u>60,765</u>	<u>1,323,227</u>
<u>\$ 1,067,938</u>	<u>\$ 36,050</u>	<u>\$ 1,103,988</u>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2011

	<u>General Fund</u>	<u>Park Bonds Capital Projects Fund</u>	<u>V &amp; T Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 603,520	\$ 194,626	\$ 176,573	\$ 974,719
Cash held for others	92,825	-	-	92,825
Lodging tax receivable	110,906	26,433	26,433	163,772
Accounts receivable	562	-	-	562
Grants receivable	12,500	-	-	12,500
Interest receivable	68	18	16	102
Inventory	10,843	-	-	10,843
<b>TOTAL ASSETS</b>	<u>\$ 831,224</u>	<u>\$ 221,077</u>	<u>\$ 203,022</u>	<u>\$ 1,255,323</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 121,054	\$ -	\$ -	\$ 121,054
Due to other governments	20,680	-	-	20,680
Deferred revenue	16,808	-	-	16,808
Funds held for others	92,825	-	-	92,825
Total liabilities	<u>251,367</u>	<u>-</u>	<u>-</u>	<u>251,367</u>
<b>Fund balances:</b>				
Reserved				
Inventory	10,843	-	-	10,843
Building improvements	2,044	-	-	2,044
V & T project	-	-	103,022	103,022
Park Bonds	-	121,077	-	121,077
Unreserved				
Designated	150,000	100,000	100,000	350,000
Undesignated	416,970	-	-	416,970
Total fund balances	<u>579,857</u>	<u>221,077</u>	<u>203,022</u>	<u>1,003,956</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 831,224</u>	<u>\$ 221,077</u>	<u>\$ 203,022</u>	<u>\$ 1,255,323</u>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2011**

	<u>Governmental Activities</u>	
<b>Total fund balances - governmental funds</b>		<b>\$ 1,003,956</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Buildings	161,388	
Parking lot	8,729	
Furniture and equipment	14,772	
Website	15,050	
Accumulated depreciation	<u>(86,689)</u>	
Total capital assets		113,250
Long-term liabilities are not due in the current period and therefore are not reported in the funds. These consist of:		
Lease obligation	(3,615)	
Compensated absences	<u>(60,856)</u>	(64,471)
Delinquent taxes represents amounts that are not available to fund current expenditures and therefore are not reported in the funds		<u>15,203</u>
<b>Net assets of governmental activities</b>		<b><u><u>\$ 1,067,938</u></u></b>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Park Bonds Capital Projects Fund</u>	<u>V &amp; T Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Room tax	\$ 685,934	\$ 252,297	\$ 252,298	\$ 1,190,529
Intergovernmental	39,445	-	-	39,445
Sales	17,755	-	-	17,755
Interest	1,511	597	506	2,614
<b>Total revenues</b>	<u>744,645</u>	<u>252,894</u>	<u>252,804</u>	<u>1,250,343</u>
<b>EXPENDITURES</b>				
Current:				
General government	222,941	2	2	222,945
Culture and recreation	542,806	-	-	542,806
Intergovernmental	25,000	355,530	301,738	682,268
Debt service:				
Principal retirement	1,190	-	-	1,190
Interest	87	-	-	87
<b>Total expenditures</b>	<u>792,024</u>	<u>355,532</u>	<u>301,740</u>	<u>1,449,296</u>
Excess (deficiency) of revenues over expenditures	(47,379)	(102,638)	(48,936)	(198,953)
<b>Net change in fund balances</b>	(47,379)	(102,638)	(48,936)	(198,953)
Fund balances, July 1	<u>627,236</u>	<u>323,715</u>	<u>251,958</u>	<u>1,202,909</u>
Fund balances, June 30	<u>\$ 579,857</u>	<u>\$ 221,077</u>	<u>\$ 203,022</u>	<u>\$ 1,003,956</u>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Governmental Activities</u>	
<b>Net change in fund balances - total governmental funds</b>		\$ (198,953)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, the amounts are:		
Depreciation and amortization expense	<u>(8,477)</u>	
Net capital outlay transactions		(8,477)
Accrued compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(1,092)
Delinquent taxes represents amounts that are not available to fund current expenditures and therefore are not reported in the funds		
		15,203
Prior year deferred revenue that was collected is available to fund current expenditures and therefore is reported in the funds		
		(2,395)
Lease payments are an expenditure in the governmental funds, but these payments reduce long-term liabilities in the statement of net assets. This is the amount by which capital lease financing exceeds repayments.		
Lease payments	<u>1,190</u>	1,190
<b>Change in net assets of governmental activities</b>		<u><u>\$ (194,524)</u></u>

See accompanying notes



**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF FUND NET ASSETS**  
**V & T ENTERPRISE FUND**  
**June 30, 2011**

**ASSETS**

Current assets:	
Cash	\$ 76,351
Accounts receivable	6,891
Grants receivable	14,000
Prepaid expenses	4,174
Inventory	8,300
Total current assets	<u>109,716</u>
Start-up expenses	<u>3,390</u>
<b>Total assets</b>	<u><b>113,106</b></u>

**LIABILITIES**

Accounts payable	24,730
Deferred revenue	<u>52,326</u>
<b>Total liabilities</b>	<u><b>77,056</b></u>

**NET ASSETS**

Unrestricted	<u>36,050</u>
<b>Total net assets</b>	<u><b>\$ 36,050</b></u>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**V & T ENTERPRISE FUND**  
**For the Fiscal Year Ended June 30, 2011**

**OPERATING REVENUES**

Train tickets	\$ 435,772
Miscellaneous operating income	3,745
Merchandise (net)	8,940
<b>Total operating revenues</b>	<u>448,457</u>

**OPERATING EXPENSES**

Salaries, benefits	30,000
Marketing	54,112
Operating agreements	443,292
Other expenses	64,896
<b>Total operating expenses</b>	<u>592,300</u>

Operating loss	(143,843)
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**NON OPERATING REVENUES:**

Intergovernmental revenue	117,984
Other non-operating	1,076
Interest income	68

<b>Total non operating revenues</b>	<u>119,128</u>
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<b>Change in net assets</b>	(24,715)
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Net assets, July 1	<u>60,765</u>
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Net assets, June 30	<u><u>\$ 36,050</u></u>
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See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF CASH FLOWS**  
**V & T ENTERPRISE FUND**  
For the Fiscal Year Ended June 30, 2011

**Cash flow from operating activities:**

Cash received for sales and services	476,407
Cash paid to suppliers	(618,168)
Cash paid to employees	(23,400)
<b>Net cash flow from operating activities</b>	<u>(165,161)</u>

**Cash flow from noncapital financing activities:**

Cash received from V&T Commission	103,984
Cash received from State of Nevada grants	5,000
Cash received from private donors	1,076
<b>Net cash flow from noncapital financing activities</b>	<u>110,060</u>

**Cash flow from investing activities:**

Interest received	68
<b>Net cash flow from investing activities</b>	<u>68</u>

**Net decrease in cash** (55,033)

Cash and cash equivalents at the beginning of the year 131,384

**Cash and cash equivalents at the end of the year** \$ 76,351

**Reconciliation of change in net assets  
to net cash flow from operating activities:**

Operating loss	<u>\$ (143,843)</u>
Adjustment to reconcile net income to net cash:	
Amortization	1,694
Decrease in accounts receivable	(4,514)
Increase in prepaid expenses	(4,174)
Increase in inventory	(3,181)
Decrease in accounts payable	(34,041)
Increase in deferred revenues	22,898
Total adjustments	<u>(21,318)</u>

**Net cash flow from operating activities** \$ (165,161)

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The accompanying financial statements of the Carson City Convention & Visitors Bureau (the Bureau) have been prepared in conformity with accounting principals generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Bureau is not considered to be financially accountable for any other governmental entity since no other entities are considered to be controlled by or dependent on the board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

The Bureau's financial statements are included in the general-purpose financial statements of Carson City. The Bureau is independent in its management and operations, but significantly influenced by Carson City through its funding. Therefore, the Carson City Convention and Visitors Bureau is considered a component unit of Carson City for financial reporting purposes.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Assets and the Statement of Activities report information on all activities of the Bureau.

The Statement of Net Assets presents the reporting entity's assets and liabilities, with differences reported as net assets. Net assets are reported in three categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation. Capital assets of the Bureau have no related debt.

Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through local ordinance.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain indirect costs have been included as part of the program expenses reported for the various functional and activities. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for the general fund, capital projects funds, and the V & T enterprise fund.

**C. Measurement Focus, Basis of Accounting**

The government-wide statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Lodging taxes are recognized as revenue when collected by the transient housing unit. Grants and similar items are

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The general and capital projects funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The Bureau considers revenue as available if it is collected within sixty days after year end. All revenues of the Bureau are susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred. Inventories for the gift store are reported using the consumption method.

The Bureau reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Bureau before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Bureau has a legal claim to the resources, the liability for deferred revenue is removed from the governmental funds balance sheet and revenue is recognized.

In addition to its governmental funds, the Bureau reports the V & T enterprise fund. An enterprise fund is used when fees are charged to external users for goods or services. The V & T fund under an agreement with the Commission to Reconstruct the Virginia and Truckee Railway sells tickets for train rides and pays certain related expenses.

GASB Statement No. 20 requires business-type activities and enterprise funds to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements, all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989. As permitted by the Statement, the Bureau has elected not to apply FASB pronouncements issued after that date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal, ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities and Net Assets/Fund Balance**

**Cash and Investments**

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

Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten years from the date of purchase.

Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.

Certain securities issued by local governments of the State of Nevada.

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

Certain farm loan bonds.

Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and money market mutual funds.

Other securities expressly provided by Statute, including repurchase agreements.

Accounts, grants and lodging taxes receivable

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

Inventories

The Bureau charges consumable supplies as expenditures at the time of purchase. Any inventories of such supplies at June 30, 2011, are not material and are not recognized in these financial statements. The Bureau maintains two Gift Shops, the inventories of which consist of items held for resale. These inventories are stated at the lower of cost or market, with cost determined on a First-In, First-Out (FIFO) basis.

Capital Assets and Depreciation

All capital assets are recorded in the Statement of Net Assets at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date of donation. The Bureau defines capital assets as assets with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Depreciation is accumulated on a straight-line basis over the estimated useful life of the asset, with one-half a year's depreciation taken in the year of acquisition and one-half in the final year. Useful life is estimated by management on the basis of their experience with similar assets.

Compensated Absences

Compensated absences are accounted for in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Governmental funds report compensated absences expected to be liquidated with expendable available financial resources as an expenditure and a fund liability in the fund financial statements. This fund liability is defined as those benefits actually paid or accrued as a result of employees who have terminated employment by June 30, 2011. On the Statement of Net Assets, the total accrued compensated absences is reported.

The Bureau's policy provides for payment of accrued vacation time upon termination of employment if employed for six months or more, and payment of one-third of sick leave upon termination of employment if employed ten years or more. Accrued vacation time is limited to a maximum of 300 hours. Accrued sick leave is limited to 240 hours.

Net Assets/Fund Balance

The difference between fund assets and liabilities is "Net Assets" on the government-wide fund statements, and "Fund Balance" on the governmental fund statements.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

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

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

**NOTE 3 - CASH AND INVESTMENTS**

At June 30, 2011, cash and cash equivalents were held in various institutions as follows:

Held by depository institutions	\$ 209,946
Deposited with Nevada State Treasurer-Local Government Investment Pool	929,877
Held by Carson City	3,500
Cash on hand	<u>571</u>
Total cash	<u>\$ 1,143,894</u>

Following is a listing of deposits indicating insurance on those deposits:

	Carrying Value	Bank Balance
Insured or collateralized with securities held by the State of Nevada or Carson City in the government's name	\$ 933,377	\$ 933,377
Insured by Federal Deposit Insurance Corporation up to \$250,000 or collateralized	209,946	284,276
Uninsured	<u>571</u>	<u>571</u>
Totals	<u>\$ 1,143,894</u>	<u>\$ 1,218,224</u>

The Nevada State Treasurer's Local Government Investment Pool (LGIP) is an unrated external pool. As of June 30, 2011, the average weighted maturity of the LGIP was 69 days.

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 4 – TRANSIENT LODGING TAX REVENUE**

Transient lodging tax revenues of 10 percent are collected by the Bureau; however,  $\frac{3}{16}$  of one percent is remitted to Carson City and  $\frac{3}{8}$  of one percent is remitted to the State of Nevada. The following is a reconciliation of gross collections and remittances to the City and State:

Gross transient lodging tax	\$ 1,261,488
State remittance	(47,306)
Carson City remittance	<u>(23,653)</u>
Net transient lodging tax revenue	<u>\$ 1,190,529</u>

In addition to taxes collected, \$14,253 of delinquent taxes and \$950 in penalties and interest remained uncollected.

The amounts due at June 30 to Carson City and the State of Nevada are shown as due to other governments.

Out of total lodging tax retained by the Bureau, 4 percent is pledged to the servicing of bonds issued by Carson City, and is accounted for in the two capital projects funds. The Bureau remits those amounts needed to service the debt when it is due to Carson City.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

Capital assets being depreciated or amortized:

	Beginning Balance	Increases and Other Additions	Decreases and Other Deletions	Ending Balance
Buildings	\$ 161,388	\$ -	\$ -	\$ 161,388
Furniture and equipment	14,772	-	-	14,772
Parking lot	8,728	-	-	8,728
Website	15,050	-	-	15,050
Total	<u>199,938</u>	<u>-</u>	<u>-</u>	<u>199,938</u>

Less accumulated depreciation for:

Buildings	62,876	5,523	-	68,399
Furniture and equipment	6,608	2,954	-	9,562
Parking lot	8,728	-	-	8,728
Total	<u>78,212</u>	<u>8,477</u>	<u>-</u>	<u>86,689</u>

Total capital assets, net	<u>\$ 121,727</u>	<u>\$ 8,477</u>	<u>\$ -</u>	<u>\$ 113,250</u>
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Current period depreciation expense of \$8,477 was charged to general government.



**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 6 – FUNDS HELD FOR OTHERS**

The bureau acts as an agent for several other organizations that sponsor events in the Carson City area. Those amounts are then remitted to the sponsoring organization. Also included is the balance held for the golf consortium. The consortium was designed to market the nine golf courses in the Carson City/Carson Valley/Dayton regions. It currently consists of nine golf courses and nine lodging properties. Each lodging property contributes \$750 annually, and the golf courses contribute \$1,500. In addition, 300 "Tickets to Paradise" are sold for \$265 each to raise more money for marketing. The Carson City Convention and Visitors Bureau, Carson Valley Chamber of Commerce and Visitors Authority and the Nevada Commission on Tourism also contribute to the marketing fund. The Consortium makes all decisions regarding expenditures. Monies are used for print advertising, participation in consumer golf shows, a brochure, internet advertising, public relations and a web site. The remaining balance on June 30, 2011 will be used for marketing.

**NOTE 7 – CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term obligations of the Bureau:

	Beginning Balance	Additions	Reductions	Ending Balance
Accrued compensated absences	\$ 59,764	\$ 1,092	\$ - 0 -	\$ 60,856
Lease obligations	4,805	- 0 -	1,190	3,615
Total long-term debt	<u>\$ 64,569</u>	<u>\$ 1,092</u>	<u>\$ 1,190</u>	<u>\$ 64,471</u>

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

**NOTE 8 – RETIREMENT PLAN**

The Bureau contributes to the Public Employees Retirement System of Nevada (PERS), a cost-sharing multiple-employer pension plan administered by the Retirement Board of PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Nevada Revised Statutes establish and amend benefit provisions to be administered by the Retirement Board. The Public Employees Retirement Board of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained from the Public Employees Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

The Bureau pays all contributions. PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime, in order to accumulate sufficient assets to pay benefits when due. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis, both for funding purposes and GASB disclosure purposes, contributions actually made are according to the required rates established by the Legislature. The employer paid contribution rate, as a percentage of covered payroll for the year ended June 30, 2011, was 21.5 % for regular members. The Bureau's contribution to PERS for the year ended June 30, 2011, was \$54,700, equal to the required statutory contribution for the year.

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 9 – LEASE AND COMMITMENTS**

The Bureau leases the land on which its office building is located. That lease requires an annual payment of \$1,100 to the Nevada Division of State Lands, which is split with the Carson City Chamber of Commerce, the joint owner of the building. The term of this lease is 20 years, with an expiration date of May 2028. The bureau is also obligated under a capital lease for a copier. The minimum annual lease payments to be paid by the Bureau are as follows:

<u>Year Ending June 30</u>	
2012	\$ 1,765
2013	1,790
2014	1,710
2015	550
2016	550
Thereafter	<u>6,600</u>
Total	<u>\$ 12,965</u>

The Bureau is obligated to contribute \$500 per month to a joint building fund for common maintenance of the building. The rate of contribution is subject to change on an "as needed" basis for the duration of the joint tenancy.

Beginning in July 2003, the Bureau placed funds in the Park Bond Capital Project Fund and transfers 2 percent of the room taxes remitted to them to the fund to service the Carson City Park Bond. The final payment for this bond was made in February 2011. The taxes deposited into this fund are now being used to cover principal and interest payments on the bonds for the reconstruction of the V&T railroad described below.

In November 2003, Carson City issued \$ 4,150,000 in General Obligation (Limited Tax) bonds for the reconstruction of the V&T railroad. The Bureau transfers 2% of room tax revenues to this fund to service the debt on these bonds. Principal and interest is remitted to Carson City when the payments are due. During the year ended June 30, 2011, an additional \$250,000 was remitted to Carson City to cover payments due to the short-fall in dedicated sales tax revenue used to cover the \$15,000,000 V&T Bond payments.

**NOTE 10 – ECONOMIC DEPENDENCY**

The Bureau received approximately 19.7% of its transient lodging tax revenue from a single property in Carson City. Should this property experience a significant decrease in occupancy, it could have a material affect on the Bureau.

**NOTE 11 – DESIGNATED FUND BALANCE**

The Board of Directors of the Bureau has designated \$150,000 and \$100,000 respectively as a minimum ending fund balance for the General Fund and both the Park Bond and V&T Capital Project funds.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>INCOME</b>				
Interest income	\$ 2,500	\$ 2,500	\$ 1,511	\$ (989)
Gift store - gross sales	17,000	17,000	17,755	755
State grants	-	17,000	17,000	-
Carson City Redevelopment grant	-	22,500	22,445	(55)
Room tax	652,624	652,624	685,934	33,310
Total income	<u>672,124</u>	<u>711,624</u>	<u>744,645</u>	<u>33,021</u>
<b>EXPENDITURES</b>				
Salaries/benefits	382,700	358,700	350,230	8,470
Audit - financial/room tax	6,700	6,700	6,700	-
Dues & memberships	2,500	2,500	2,340	160
Legal	3,000	3,000	1,300	1,700
Miscellaneous administrative	6,000	6,000	6,952	(952)
Office supplies	7,000	7,000	5,949	1,051
Telephone/utilities	9,250	7,250	5,717	1,533
Other administrative	20,800	25,425	20,235	5,190
Brochures and distribution	10,000	50,000	49,798	202
CVC/CCVB CO-OP Advertising	1,500	1,500	930	570
Conferences/workshops	5,000	1,000	298	702
Golf consortium	12,500	17,500	17,500	-
Media ads & product ads	134,000	136,575	116,803	19,772
Postage	9,000	9,000	8,329	671
Public relations/promotion	55,800	53,000	48,605	4,395
Regional marketing Co-Op	25,000	25,000	25,000	-
Sisters in history	7,000	3,500	3,288	212
Telephone 800/answer service	3,000	1,800	2,112	(312)
Trade show/travel	18,000	19,000	14,162	4,838
Website	59,200	74,000	39,862	34,138
Gift store expenses	12,000	9,500	10,892	(1,392)
Intergovernmental expense (CC Rec)	25,000	25,000	25,000	-
Strategic marketing	-	9,000	8,970	30
Ghost walk	-	22,500	21,052	1,448
Contingency	20,000	-	-	-
Total expenditures	<u>834,950</u>	<u>874,450</u>	<u>792,024</u>	<u>82,426</u>
Excess of revenues over (under) expenditures	(162,826)	(162,826)	(47,379)	115,447
Fund balance, July 1	<u>121,685</u>	<u>627,236</u>	<u>627,236</u>	
Fund balance, June 30	<u>\$ (41,141)</u>	<u>\$ 464,410</u>	<u>\$ 579,857</u>	

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE - PARK BONDS CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>INCOME</b>				
Interest income	\$ 500	\$ 500	\$ 597	\$ 97
Transient lodging tax	240,524	240,524	252,297	11,773
Total income	<u>241,024</u>	<u>241,024</u>	<u>252,894</u>	<u>11,870</u>
<b>EXPENDITURES</b>				
Intergovernmental	205,530	355,530	355,530	-
Other	100	100	2	98
Total expenditures	<u>205,630</u>	<u>355,630</u>	<u>355,532</u>	<u>98</u>
Excess of revenues over expenditures	<u>35,394</u>	<u>(114,606)</u>	<u>(102,638)</u>	<u>11,968</u>
Fund balance, July 1	<u>626,154</u>	<u>323,715</u>	<u>323,715</u>	
Fund balance, June 30	<u>\$ 661,548</u>	<u>\$ 209,109</u>	<u>\$ 221,077</u>	

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE - V & T CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>INCOME</b>				
Interest income	\$ 500	\$ 500	\$ 506	\$ 6
Transient lodging tax	240,024	240,024	252,298	12,274
Total income	<u>240,524</u>	<u>240,524</u>	<u>252,804</u>	<u>12,280</u>
<b>EXPENDITURES</b>				
Intergovernmental	301,738	301,738	301,738	-
Other	100	100	2	98
Total expenditures	<u>301,838</u>	<u>301,838</u>	<u>301,740</u>	<u>98</u>
Excess of revenues over expenditures	<u>(61,314)</u>	<u>(61,314)</u>	<u>(48,936)</u>	<u>12,378</u>
Fund balance, July 1	<u>(116,547)</u>	<u>251,958</u>	<u>251,958</u>	
Fund balance, June 30	<u><u>\$ (177,861)</u></u>	<u><u>\$ 190,644</u></u>	<u><u>\$ 203,022</u></u>	

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE - V & T ENTERPRISE FUND**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>INCOME</b>				
Train tickets and service fees	\$ 530,813	\$ 530,813	\$ 435,772	\$ (95,041)
Merchandise	47,780	47,780	8,940	(38,840)
Miscellaneous operating income	-	-	3,745	3,745
Total income	<u>578,593</u>	<u>578,593</u>	<u>448,457</u>	<u>(130,136)</u>
<b>EXPENSES</b>				
Salaries	23,400	23,400	23,400	-
Benefits	6,600	6,600	6,600	-
Services and supplies	461,418	631,568	560,606	70,962
Amortization	1,694	1,694	1,694	-
Total expenses	<u>493,112</u>	<u>663,262</u>	<u>592,300</u>	<u>70,962</u>
Operating income (loss)	<u>85,481</u>	<u>(84,669)</u>	<u>(143,843)</u>	<u>(59,174)</u>
<b>NONOPERATING REVENUES:</b>				
NCOT Grant	14,000	14,000	14,000	-
NV Comm for Reconstruct V&T	100,000	100,000	103,984	3,984
Other non-operating	-	-	1,076	1,076
Interest	-	-	68	68
Total nonoperating revenues	<u>114,000</u>	<u>114,000</u>	<u>119,128</u>	<u>5,128</u>
Income (loss) before transfers	<u>199,481</u>	<u>29,331</u>	<u>(24,715)</u>	<u>(54,046)</u>
Net income	<u>\$ 199,481</u>	<u>\$ 29,331</u>	<u>\$ (24,715)</u>	<u>(54,046)</u>

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE - V & T ENTERPRISE FUND CASH FLOWS**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Cash flow from operating activities:</b>				
Cash received from customers	\$ 578,593	\$ 578,593	\$ 476,407	\$ (102,186)
Cash payment for services and supplies	(463,112)	(463,112)	(618,168)	(155,056)
Cash payment to employees for services	(30,000)	(30,000)	(23,400)	6,600
Net cash flow from operating activities	<u>85,481</u>	<u>85,481</u>	<u>(165,161)</u>	<u>(250,642)</u>
<b>Cash flow from noncapital financing activities:</b>				
Cash received from V&T Commission		-	103,984	103,984
Cash received from State of Nevada grants		-	5,000	5,000
Cash received from private donors		-	1,076	1,076
Net cash flow from investing activities	<u>-</u>	<u>-</u>	<u>110,060</u>	<u>110,060</u>
<b>Cash flow from investing activities:</b>				
Interest received	<u>-</u>	<u>-</u>	<u>68</u>	<u>68</u>
Net cash flow from investing activities	<u>-</u>	<u>-</u>	<u>68</u>	<u>68</u>
<b>Net decrease in cash</b>	<b>85,481</b>	<b>85,481</b>	<b>(55,033)</b>	<b>(140,514)</b>
Cash and cash equivalents at the beginning of the year	<u>75,919</u>	<u>75,919</u>	<u>131,384</u>	<u>55,465</u>
Cash and cash equivalents at the end of the year	<u>\$ 161,400</u>	<u>\$ 161,400</u>	<u>\$ 76,351</u>	<u>(85,049)</u>



## **COMPLIANCE SECTION**

# *Mary C. Sanada, CPA*

2832 Table Rock Dr.

Carson City, NV 89706

## AUDITOR'S REPORT ON COMPLIANCE WITH NEVADA REVISED STATUTES AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

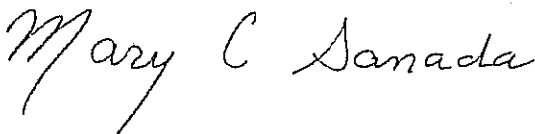
To the Board Members  
Carson City Convention and Visitors' Bureau  
Carson City, Nevada

I have audited the entity wide financial statements of the Carson City Convention and Visitors Bureau, a component unit of Carson City, as of and for the year ended June 30, 2011, and have issued my report thereon dated September 12, 2011. I conducted my audit in accordance with U.S. generally accepted auditing standards.

### Compliance

As part of obtaining reasonable assurance about whether the Carson City Convention and Visitors' Bureau's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Compliance with Nevada Revised Statutes (NRS) and regulations (Nevada Administrative Code) applicable to the Carson City Convention and Visitors' Bureau is the responsibility of the Bureau's management. Providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. In connection with my audit, nothing came to my attention that caused me to believe that the Bureau had not complied with NRS 354 and other Nevada Revised Statutes and regulations, insofar as they relate to accounting matters. However, my audit was not directed primarily toward obtaining knowledge of such non-compliance.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization, and the State of Nevada Department of Taxation. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Mary C. Sanada, CPA

Carson City, Nevada  
September 12, 2011

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**DEPARTMENT OF TAXATION FORMAT**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
Room taxes	\$ 652,624	\$ 652,624	\$ 685,934	\$ 33,310
Intergovernmental				
State grants	-	17,000	17,000	-
State grants	-	22,500	22,445	(55)
Interest	2,500	2,500	1,511	(989)
Proceeds form gift store	17,000	17,000	17,755	755
<b>Total revenues</b>	<u>672,124</u>	<u>711,624</u>	<u>744,645</u>	<u>33,021</u>
<b>EXPENDITURES</b>				
General government				
Salaries	132,000	125,000	122,804	(2,196)
Benefits	59,350	54,350	52,311	(2,039)
Services and supplies	55,250	57,875	49,955	(7,920)
<b>Total general government</b>	<u>246,600</u>	<u>237,225</u>	<u>225,070</u>	<u>(12,155)</u>
Culture and recreation				
Salaries	132,000	125,000	122,804	(2,196)
Benefits	59,350	54,350	52,311	(2,039)
Services and supplies	352,000	432,875	366,839	(66,036)
<b>Total culture and recreation</b>	<u>543,350</u>	<u>612,225</u>	<u>541,954</u>	<u>(70,271)</u>
Intergovernmental	25,000	25,000	25,000	-
Contingency	20,000	-	-	-
<b>Total expenditures</b>	<u>834,950</u>	<u>874,450</u>	<u>792,024</u>	<u>(82,426)</u>
Excess (deficiency) of revenues over expenditures	(162,826)	(162,826)	(47,379)	115,447
Fund balance - beginning of year	<u>121,685</u>	<u>627,236</u>	<u>627,236</u>	
Fund balance - end of year	<u>\$ (41,141)</u>	<u>\$ 464,410</u>	<u>\$ 579,857</u>	