

**CARSON CITY CONVENTION &
VISITORS BUREAU**

FINANCIAL STATEMENTS

JUNE 30, 2012

CARSON CITY CONVENTION & VISITORS BUREAU
JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Carson City Convention & Visitors Bureau

We have audited the accompanying financial statements of the governmental activities and funds of the Carson City Convention & Visitors Bureau, as of and for the year ended June 30, 2012, which collectively comprise the Carson City Convention & Visitors Bureau's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Carson City Convention & Visitors Bureau's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Carson City Convention & Visitors Bureau as of June 30, 2012, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the Carson City Convention & Visitors Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 6 and 26 through 32, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reno, Nevada
September 19, 2012

A handwritten signature in dark ink, appearing to read 'Kohn Colodny', is written over the printed name and date.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012.

HIGHLIGHTS

Government-wide: (Governmental Funds Only)

Net Assets - The assets of the Bureau exceeded its liabilities at the close of the fiscal year ended June 30, 2012 by \$940,658. Of this amount, \$126,887 was related to fixed assets, \$207,144 was restricted for the V&T Capital Project Fund, \$155,160 was restricted for the newly created Capital Project Fund and \$515 was committed for building improvements, per a joint agreement with the Carson City Chamber of Commerce. \$150,000 has been designated by the Board as 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 \$30,254.

Changes in Net Assets - The Bureau's total net assets decreased \$127,280 in the governmental funds and \$5,796 in the enterprise for the fiscal year ended June 30, 2012.

Fund-level:

At the close of the fiscal year, the Bureau's governmental funds reported a combined ending fund balance of \$876,913, representing a decrease of \$127,043 from the prior year. The general fund had a net decrease of \$65,248, the V&T Capital Projects Fund an increase of \$4,122 and the Capital Project Fund had a net decrease of \$65,917 during the current year.

Long-term Debt (government-wide):

The Bureau's obligation for unused sick and vacation leave increased by \$1,286 a (2.1% increase). The Bureau is also obligated under a capital lease which had an outstanding balance of \$2,400 at year end, \$1,159 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 revenue 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 particular purpose. The Bureau 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 the Financial Statements:

The Notes to the 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:

Assets	
Current and other assets	\$ 1,150,265
Net capital assets	126,887
Total assets	<u>1,277,152</u>
Liabilities	
Current liabilities	242,939
Long-term liabilities	63,301
Total liabilities	<u>306,240</u>
Net Assets	
Invested in capital assets	126,887
Restricted	362,819
Unrestricted	481,206
Total net assets	<u>\$ 970,912</u>

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 for governmental funds totaled \$940,658 at the end of June 2012 compared with \$1,103,488 at the end of the previous year.

Almost all of the Bureau's net assets is held in cash (\$892,487 or 94.9%). Of the cash \$207,144 is held to pay off the V&T Bonds.

Changes in Carson City Convention & Visitors Bureau Net Assets

Revenues	
Sales	\$ 717,911
Operating grants and contributions	144,000
General revenues	
Transient lodging taxes	1,186,119
Interest income	8,842
Total revenues	<u>2,056,872</u>
Expenses	
General government	241,676
Culture and recreation	505,866
Debt Service	126
General Fund - Park and Recreation	45,000
V&T Capital Project Fund	250,169
Capital Project Fund	320,169
V&T Enterprise Fund	826,942
Total expenses	<u>2,189,948</u>
Changes in net assets	<u>(133,076)</u>
Net assets, beginning of year	1,103,988
Net assets, end of year	<u>\$ 970,912</u>

Changes in Net Assets:

The net assets decreased by \$133,076. Approximately 57.5 % of the total revenue came from lodging taxes, and 33% 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 and to pay the interest and principal on the V&T 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 \$876,913, a decrease of \$127,043 in comparison with the prior year. Approximately \$355,399 or 40.5% is assigned and uncommitted and therefore available for new spending. The remainder of the fund balance is nonspendable, restricted or committed and is not available for spending except in accordance with its committed or restricted purpose.

In addition to its general operating fund, the Bureau maintains two capital project funds 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. 4% of the transient lodging tax that the Bureau collects goes to this fund. Expenses included \$570,338 for bond interest and principal payments for V&T Bonds.

General Fund revenue decreased .5% over the prior year, mainly due to a decrease in intergovernmental funds offset by an increase in transient lodging collections. Expenditures in the General Fund increased 1.8%.

The overall general fund budgeted revenue increased from original to final by \$22,000 due to the Nevada Commission on Tourism grants. There were some minor transfer amounts between expense categories in June 2012 - some were augmented and some were deaugmented.

CAPITAL ASSETS

The Bureau's capital assets amounted to \$221,474 with accumulated depreciation of \$94,587, leaving net book value of \$126,887. 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

Special events as well as the train operation (beginning in August 2009) continue to attract tourists to this area. The outlook for 2012/2013 is uncertain due to the current economic conditions.

BASIC FINANCIAL STATEMENTS

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 807,557	\$ 84,930	\$ 892,487
Cash held for others	64,625	-	64,625
Lodging tax receivable	148,322	-	148,322
Accounts receivable	734	-	734
Grants receivable	4,000	12,000	16,000
Interest receivable	87	-	87
Inventory	8,695	17,619	26,314
Start-up expenses	-	1,696	1,696
Capital assets, net of accumulated depreciation	126,887	-	126,887
Total assets	<u>1,160,907</u>	<u>116,245</u>	<u>1,277,152</u>
LIABILITIES			
Current liabilities			
Accounts payable	69,411	46,218	115,629
Deferred revenue	-	39,773	39,773
Due to other governments	21,671	-	21,671
Funds held for others	64,625	-	64,625
Noncurrent liabilities:			
Lease obligation due in one year	1,241	-	1,241
Lease obligation due in more than one year	1,159	-	1,159
Accrued compensated absences	62,142	-	62,142
Total liabilities	<u>220,249</u>	<u>85,991</u>	<u>306,240</u>
NET ASSETS			
Net assets			
Invested in capital assets, net of related debt	124,487	-	124,487
Restricted for:			
Building improvements	515	-	515
Bond payments	155,160	-	155,160
V&T Railroad	207,144	-	207,144
Unrestricted, undesignated	<u>453,352</u>	<u>30,254</u>	<u>483,606</u>
Total net assets	<u>\$ 940,658</u>	<u>\$ 30,254</u>	<u>\$ 970,912</u>

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenue			Governmental Activities	Business-type Activities	Total
		Sales	Operating Grants and Contributions				
FUNCTIONS/PROGRAMS							
Primary government							
Governmental activities							
General government	\$ 241,676	\$ -	\$ -	\$ (241,676)	\$ -	\$ -	(241,676)
Culture and recreation	505,866	18,972	22,000	(464,894)	-	-	(464,894)
Intergovernmental	615,338	-	-	(615,338)	-	-	(615,338)
Debt service	126	-	-	(126)	-	-	(126)
Total governmental activities	1,363,006	18,972	22,000	(1,322,034)	-	-	(1,322,034)
Business-type activities							
V&T Railroad	826,942	698,939	122,000	-	(6,003)	(6,003)	(6,003)
	\$ 2,189,948	\$ 717,911	\$ 144,000	(1,322,034)	(6,003)	(6,003)	(1,328,037)
General revenue							
Room tax				1,186,119			1,186,119
Interest income				8,635	207		8,842
Total general revenue				1,194,754	207		1,194,961
Change in net assets				(127,280)	(5,796)		(133,076)
Net assets, July 1, 2011				1,067,938	36,050		1,103,988
Net assets, June 30, 2012				\$ 940,658	\$ 30,254	\$ -	\$ 970,912

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
BALANCE SHEET - GOVERNMENTAL FUNDS
AND RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

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	General Fund	Capital Projects Fund	V&T Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 500,770	\$ 127,405	\$ 179,382	\$ 807,557
Cash held for others	64,625	-	-	64,625
Lodging tax receivable	92,836	27,743	27,743	148,322
Accounts receivable	734	-	-	734
Grants receivable	4,000	-	-	4,000
Interest receivable	56	12	19	87
Inventory	8,695	-	-	8,695
Total assets	<u>\$ 671,716</u>	<u>\$ 155,160</u>	<u>\$ 207,144</u>	<u>\$ 1,034,020</u>
LIABILITIES				
Accounts payable	\$ 69,411	\$ -	\$ -	\$ 69,411
Deferred revenue	1,400	-	-	1,400
Due to other governments	21,671	-	-	21,671
Funds held for others	64,625	-	-	64,625
Total liabilities	<u>157,107</u>	<u>-</u>	<u>-</u>	<u>157,107</u>
FUND BALANCE AND OTHER CREDITS				
Nonspendable				
Inventory	8,695	-	-	8,695
Restricted				
V&T project	-	-	107,144	107,144
Capital project	-	55,160	-	55,160
Committed				
Building improvements	515	-	-	515
Bond payments	-	100,000	100,000	200,000
Operating reserve	150,000	-	-	150,000
Assigned				
Subsequent year opening fund balance, net of operating reserve	266,693	-	-	266,693
Uncommitted	<u>88,706</u>	<u>-</u>	<u>-</u>	<u>88,706</u>
Total fund balance and other credits	<u>514,609</u>	<u>155,160</u>	<u>207,144</u>	<u>876,913</u>
Total liabilities, fund balance and other credits	<u>\$ 671,716</u>	<u>\$ 155,160</u>	<u>\$ 207,144</u>	<u>\$ 1,034,020</u>
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS				
Fund balance and other credits - governmental funds				\$ 876,913
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not in the governmental funds.				
Governmental capital assets				221,474
Less accumulated depreciation				(94,587)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.				
Noncurrent accrued compensated absences				(62,142)
Lease obligation				(2,400)
Delinquent taxes represent amounts that are not available to fund current expenditures and therefore are not reported in the funds.				1,400
Net assets of governmental activities				<u>\$ 940,658</u>

See accompanying notes

CARSON CITY CONVENTION VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
AND RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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	General Fund	Capital Projects Fund	Park Bonds Capital Projects Fund	V&T Capital Projects Fund	Total Governmental Funds
REVENUE					
Room taxes	\$ 691,952	\$ 253,985	\$ -	\$ 253,985	\$ 1,199,922
Intergovernmental revenue	22,000	-	-	-	22,000
Sales	18,972	-	-	-	18,972
Investment income	8,060	268	-	307	8,635
Total revenue	740,984	254,253	-	254,292	1,249,529
EXPENDITURES					
Current					
General government	240,388	1	-	1	240,390
Culture and recreation	519,503	-	-	-	519,503
Intergovernmental	45,000	320,169	-	250,169	615,338
Debt service					
Principal	1,215	-	-	-	1,215
Interest	126	-	-	-	126
Total expenditures	806,232	320,170	-	250,170	1,376,572
OTHER FINANCING SOURCES (USES)					
Transfers between funds	-	221,077	(221,077)	-	-
Change in fund balances	(65,248)	155,160	(221,077)	4,122	(127,043)
FUND BALANCE, July 1	579,857	-	221,077	203,022	1,003,956
FUND BALANCE, June 30	\$ 514,609	\$ 155,160	\$ -	\$ 207,144	\$ 876,913

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF NET ASSETS**

Net change in fund balance and other credits - governmental funds \$ (127,043)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	21,535	
Less current year depreciation	(7,898)	13,637

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in long-term accrued compensated absences (1,286)

Delinquent taxes represent amounts that are not available to fund current expenditures and therefore are not reported in the funds. 1,400

Prior year deferred revenue that was collected is available to fund current expenditures and therefore is reported in the funds. (15,203)

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. 1,215

Change in net assets of governmental activities \$ (127,280)

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF FUND NET ASSETS
V & T ENTERPRISE FUND
JUNE 30, 2012

ASSETS

Current assets

Cash	\$ 84,930
Grants receivable	12,000
Inventory	17,619
Total current assets	<u>114,549</u>

Noncurrent assets

Start-up expenses	<u>1,696</u>
Total assets	<u>116,245</u>

LIABILITIES

Accounts payable	46,218
Deferred revenue	<u>39,773</u>
Total liabilities	<u>85,991</u>

NET ASSETS

Unrestricted, undesignated	<u>\$ 30,254</u>
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See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
V & T ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUE

Train tickets	\$ 684,179
Merchandise, net	13,481
Miscellaneous	11
Total operating revenue	<u>697,671</u>

OPERATING EXPENSES

Salaries and benefits	-
Marketing	117,923
Operating agreements	656,235
Miscellaneous	52,784
Total operating expenses	<u>826,942</u>

Operating income (loss) (129,271)

NONOPERATING REVENUE (EXPENSES)

Intergovernmental revenue	122,000
Investment income	207
Miscellaneous	1,268
Total nonoperating revenue (expenses)	<u>123,475</u>

Change in net assets (5,796)

NET ASSETS, beginning of year 36,050

NET ASSETS, end of year \$ 30,254

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF CASH FLOWS
V & T ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 696,183
Cash paid to suppliers	(811,079)
Net cash used by operating activities	<u>(114,896)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from V&T Commission	100,000
Cash received from State of Nevada grants	22,000
Net cash provided by noncapital financing activities	<u>122,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and other income	<u>1,475</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

8,579

CASH AND CASH EQUIVALENTS, beginning of year

76,351

CASH AND CASH EQUIVALENTS, end of year

\$ 84,930

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
USED BY OPERATING ACTIVITIES

Operating income (loss)	\$ (129,271)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
Amortization	1,694
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	6,891
Grants receivable	4,174
Prepaid expenses	2,000
Inventory	(9,319)
Increase (decrease) in:	
Accounts payable	21,488
Deferred revenue	(12,553)
Net cash used by operating activities	<u>\$ (114,896)</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Carson City Convention & Visitors Bureau's (Bureau) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

The financial statements present the financial position and results of operations of those funds under the direct jurisdiction of the Board of Directors of the Bureau. 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 & Visitors Bureau is considered a component unit of Carson City for financial reporting purposes.

Basic Financial Statements – Government-Wide Statements

The basic financial statements include both government-wide and fund financial information. The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Basic Financial Statements - Fund Accounting

The financial transactions of the Bureau are reported in the general fund, capital projects fund, and enterprise fund. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. The Bureau's funds are governmental funds. Governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. The recorded fund balance (net current assets) is considered a measure of "available spendable resources". Operating statements for governmental funds present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Bureau maintains its accounting records for its governmental fund types on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when measurable and available to finance expenditures of the fiscal period. Available is defined as being due and collected within the

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

current period or within 60 days after fiscal year end. When revenue is due, but will not be collected within 60 days, the receivable is recorded and an offsetting deferred revenue account is established.

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 & 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.

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:

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.

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

An encumbrance system is not utilized by the Bureau.

Cash

Cash balances are invested as permitted by law. Investments are recorded at cost, which approximates fair value. Pursuant to NRS 355.170 and 355.167, the 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.

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.

Inventory of Consumable Supplies

Management of the Bureau has elected to consider expenditures for supplies held for consumption as charges against appropriations at the time of purchase. Any inventories of such supplies at June 30, 2012 are not material and accordingly, are not recognized in the 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

Capital assets are reported in the governmental activities column in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date of donation. The 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For purposes of the government-wide financial statements, depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets useful lives using the straight-line method of depreciation, with one-half of a year's depreciation taken in the year of acquisition and one-half in the final year. The Bureau's capital assets consist of the building,

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

improvements to the building, equipment, furniture and equipment which have useful lives ranging from 5 to 40 years. The costs incurred in connection with the web site are considered to be an intangible asset with an indefinite life.

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

Compensated Absences

Compensated absences are accounted for in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accounted for in the period those services are rendered or those events take place. Governmental funds report compensated absences expected to be liquidated with expendable available financial resources as an expenditure and a fund liability in the fund financial statements. The fund liability is defined as those benefits actually paid or accrued as a result of employees who have terminated employment by June 30, 2012. The total accrued compensated absences is reported on the Statement of Net Assets.

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.

Equity Classifications

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

- Invested in capital assets – consists of capital assets, net of accumulated depreciation.
- Restricted net assets – consists of net assets with constraints from creditors, grantors, contributors, and the like or imposed by law through local ordinance.
- Unrestricted net assets – consists of all other net assets that do not meet the definition of "invested in capital assets" or "restricted."

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

Nonspendable - represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Bureau includes fund balances that have been prepaid for expenses in this category.

Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. Restricted funds include amounts legally restricted for expenditure in connection with the V&T project and capital improvement funds.

Committed – represents amounts which can be used only for specific purposes determined by the members of the governing Board's formal action through a resolution or action. Committed funds include amounts set aside for building improvements, bond payments and operating reserves under formal action.

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Assigned - represents amounts that are intended by the Bureau for specific purposes but do not require action by the governing Board. The Bureau has amounts designated for subsequent year expenditures included in this category which represent the next year's budgeted opening fund balance, net of operating reserves.

Unassigned - represents all amounts not included in spendable classifications.

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

Compliance with Laws and Regulations

It is believed that the Bureau conformed to all significant statutory constraints on its financial administration during the year under Nevada Revised Statutes.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2010-2011 financial statements. It has been provided to add comparability, but is not considered a full disclosure of transactions for 2010-2011. Such information can only be obtained by referring to the audit report for that year.

Subsequent Events

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

Estimates

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

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2012, cash and cash equivalents were held in various institutions as follows:

Held by depository institutions	\$ 292,963
Deposited with the Nevada State Treasurer-Local Government Investment Pool	660,893
Held by Carson City	2,931
Cash on hand	325
	<u>\$ 957,112</u>

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured or collateralized with Securities held by the State of Nevada or Carson City in the government's name	\$ 663,824	\$ 663,911
Insured by the Federal Deposit Corporation up to \$250,000 or collateralized	292,963	369,015
Uninsured	<u>325</u>	<u>325</u>
	<u>\$ 957,112</u>	<u>\$1,033,251</u>

The Nevada State Treasurer's Local Government Investment Pool (LGIP) is an unrated external pool. As of June 30, 2012, the average weighted maturity of LGIP was 114 days.

NOTE 3 - CAPITAL ASSETS

Capital asset activity consists of the following:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Governmental activities				
Capital assets, not being depreciated				
Web site	\$ 15,050	\$ 21,535	\$ -	\$ 36,585
Capital assets, being depreciated				
Buildings	161,388	\$ -	-	161,388
Furniture and equipment	14,772	-	-	14,772
Parking lot	8,729	-	-	8,729
Total capital assets	<u>184,889</u>	<u>-</u>	<u>-</u>	<u>184,889</u>
Less accumulated depreciation				
Buildings	68,398	5,522	-	73,920
Furniture and equipment	9,562	2,376	-	11,938
Parking lot	8,729	-	-	8,729
Total accumulated depreciation	<u>86,689</u>	<u>7,898</u>	<u>-</u>	<u>94,587</u>
Total assets being depreciated, net	<u>98,200</u>	<u>13,637</u>	<u>-</u>	<u>90,302</u>
Net capital assets	<u>\$ 113,250</u>	<u>\$ 13,637</u>	<u>\$ -</u>	<u>\$ 126,887</u>

Current year depreciation expenses of \$7,898 was charged to general government.

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 4 - TRANSIENT LODGING TAX REVENUE

Transient lodging tax revenues of 10% are collected by the Bureau; however, 3/16 of one percent is remitted to Carson City and 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	\$ 1,257,552
State remittance	(47,622)
Carson City remittance	<u>(23,811)</u>
Net transient lodging tax revenue	<u>\$ 1,186,119</u>

In addition to taxes collected subsequent to year end, \$1,400 of delinquent taxes remain uncollected as of June 30, 2012.

The amounts due at June 30, 2012 to Carson City and the State of Nevada are shown as due to other governments. Out of the total lodging tax retained by the Bureau, 4% 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 - LEASES AND COMMITMENTS

The Bureau leases the land on which its office building is located. The lease requires an annual payment of \$1,100 to the Nevada Division of State Lands. The payment is split with the joint owner of the building, the Carson City Chamber of Commerce. 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:

2013	\$ 1,241
2014	1,159

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% 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 October 2011, a Capital Project Fund was established by resolution in order to receive the 2% room tax formerly deposited in the Park Bond Capital Project Fund.

In November 2003, Carson City issued \$ 4,150,000 in General Obligation (Limited Tax) bonds for the reconstruction of the V&T Railroad. The 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, 2012, an additional \$160,000 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.

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 6 - FUNDS HELD FOR OTHERS

The Bureau acts as an agent for the Golf Consortium (Consortium) and several other organizations that sponsor events in the Carson City area. Amounts the Bureau collects from those events are remitted to the sponsoring organization. The Consortium was designed to market nine golf courses in the Carson City/Carson Valley/Dayton regions. Each lodging property contributes \$750 annually. In addition, 300 "Tickets to Paradise" are sold for \$289 each to raise more money for marketing. The Carson City Convention & Visitors Bureau, Carson Valley Chamber of Commerce and Visitors Authority and the Nevada Commission on Tourism (through grants) 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 website. The remaining balance of \$64,625 on June 30, 2012 will be used for marketing.

NOTE 7 - LONG-TERM LIABILITIES

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

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Accrued compensated absences	\$ 60,856	\$ 1,286	\$ -	\$ 62,142
Lease obligations	3,615	-	1,215	2,400
Total	\$ 64,471	\$ 1,286	\$ 1,215	\$ 64,542

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, 2012 and 2011, was 23.75% and 21.5%, respectively, for regular members. The Bureau's contribution to PERS for the year ended June 30, 2012 and 2011, was \$57,667 and \$54,700, respectively, equal to the required statutory contribution for the year.

CARSON CITY CONVENTION & VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 9 - 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 Capital Project Fund and V& T Capital Project Fund.

NOTE 10 - CONCENTRATIONS

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 effect on the Bureau.

NOTE 11 - RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

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FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
REVENUE					
Room tax	\$ 685,256	\$ 685,256	\$ 691,952	\$ 6,696	\$ 685,934
Sales	19,000	19,000	18,972	(28)	17,755
Intergovernmental	-	22,000	22,000	-	39,445
Investment income	2,500	2,500	8,060	5,560	1,511
Total revenue	706,756	728,756	740,984	12,228	744,645
EXPENDITURES					
Salaries and benefits	382,700	382,700	362,255	20,445	350,230
Audit - financial/room tax	7,100	7,100	7,100	-	6,700
Dues and memberships	3,500	3,500	2,703	797	2,340
Legal	3,000	9,000	8,506	494	1,300
Miscellaneous administrative	6,000	5,000	5,073	(73)	6,952
Office supplies	7,000	8,500	9,250	(750)	5,949
Telephone/utilities	9,250	8,050	5,832	2,218	5,717
Other administrative	19,200	22,400	22,706	(306)	20,235
Brochure and distribution	24,000	30,000	24,858	5,142	49,798
CVC/CCVB CO-OP advertising	-	-	-	-	930
Conferences/workshops	3,000	3,000	1,702	1,298	298
Golf consortium	6,500	19,500	19,500	-	17,500
Media ads and product ads	105,700	105,700	79,310	26,390	116,803
Postage	9,000	12,000	9,415	2,585	8,329
Public relations/promotion	55,300	48,800	51,254	(2,454)	48,605
Regional marketing CO-OP	25,000	25,000	25,000	-	25,000
Sisters in history	-	-	-	-	3,288
Special events	36,200	36,200	21,000	15,200	-
Telephone 800/answer service	3,000	3,000	2,228	772	2,112
Trade show/travel	9,000	12,500	11,112	1,388	14,162
Website	68,500	71,500	78,262	(6,762)	39,862
Gift store expenses	12,000	12,000	12,646	(646)	10,892
Intergovernmental (CC Rec)	45,000	45,000	45,000	-	25,000
Strategic marketing	-	500	470	30	8,970
Ghost walk	-	-	1,050	(1,050)	21,052
Total expenditures	839,950	870,950	806,232	64,718	792,024
Excess (deficiency) of revenue over (under) expenditures	(133,194)	(142,194)	(65,248)	76,946	(47,379)
OTHER FINANCING USES					
Contingency	(20,000)	(11,000)	-	11,000	-
Net change in fund balance	(153,194)	(153,194)	(65,248)	87,946	(47,379)
FUND BALANCE, July 1	579,857	579,857	579,857	-	627,236
FUND BALANCE, June 30	\$ 426,663	\$ 426,663	\$ 514,609	\$ 87,946	\$ 579,857

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - DEPARTMENT OF TAXATION FORMAT
FOR THE YEAR ENDED JUNE 30, 2012

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(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Budgeted Amounts				
	Original	Final	Actual	Variance	Actual
REVENUE					
Room tax	\$ 685,256	\$ 685,256	\$ 691,952	\$ 6,696	\$ 685,934
Sales	19,000	19,000	18,972	(28)	17,755
Intergovernmental	-	22,000	22,000	-	39,445
Interest	2,500	2,500	8,060	5,560	1,511
Total revenue	706,756	728,756	740,984	12,228	744,645
EXPENDITURES					
Current					
General government					
Salaries	128,000	128,000	124,497	3,503	122,804
Benefits	63,350	63,350	56,631	6,719	52,311
Services and supplies	55,050	63,550	60,601	2,949	49,955
	246,400	254,900	241,729	13,171	225,070
Culture and recreation					
Salaries	128,000	128,000	124,496	3,504	122,804
Benefits	63,350	63,350	56,631	6,719	52,311
Services and supplies	357,200	379,700	316,841	62,859	366,839
Capital outlay	-	-	21,535	(21,535)	-
	548,550	571,050	519,503	51,547	541,954
Intergovernmental	45,000	45,000	45,000	-	25,000
Total expenditures	839,950	870,950	806,232	64,718	792,024
Excess (deficiency) of revenue over (under) expenditures (133,194) (142,194) (65,248) 76,946 (47,379)					
OTHER FINANCING USES					
Contingency	(20,000)	(11,000)	-	11,000	-
Change in fund balances	(153,194)	(153,194)	(65,248)	87,946	(47,379)
FUND BALANCE, July 1	579,857	579,857	579,857	-	627,236
FUND BALANCE, June 30	\$ 426,663	\$ 426,663	\$ 514,609	\$ 87,946	\$ 579,857

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

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	2012				2011
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
REVENUE					
Transient lodging tax	\$ 252,025	\$ 252,025	\$ 253,985	\$ 1,960	\$ -
Investment income	500	500	268	(232)	-
Total revenue	<u>252,525</u>	<u>252,525</u>	<u>254,253</u>	<u>1,728</u>	<u>-</u>
EXPENDITURES					
Intergovernmental	205,170	265,170	320,169	(54,999)	-
Miscellaneous	100	100	1	99	-
Total expenditures	<u>205,270</u>	<u>265,270</u>	<u>320,170</u>	<u>(54,900)</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	47,255	(12,745)	(65,917)	(53,172)	-
OTHER FINANCING SOURCES					
Transfer in	-	249,481	221,077	(28,404)	-
Change in fund balance	<u>47,255</u>	<u>236,736</u>	<u>155,160</u>	<u>(81,576)</u>	<u>-</u>
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	<u>\$ 47,255</u>	<u>\$ 236,736</u>	<u>\$ 155,160</u>	<u>\$ (81,576)</u>	<u>\$ -</u>

See accompanying notes

CARSON CITY CONVENTION VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

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(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
REVENUE					
Transient lodging tax	\$ 252,025	\$ 28,342	\$ -	\$ (28,342)	\$ 252,297
Investment income	500	62	-	(62)	597
Total revenue	<u>252,525</u>	<u>28,404</u>	<u>-</u>	<u>(28,404)</u>	<u>252,894</u>
EXPENDITURES					
Intergovernmental	205,170	-	-	-	355,530
Miscellaneous	100	-	-	-	2
Total expenditures	<u>205,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,532</u>
Excess (deficiency) of revenue over (under) expenditures	47,255	28,404	-	(28,404)	(102,638)
OTHER FINANCING SOURCES					
Transfer out	-	(249,481)	(221,077)	28,404	-
Change in fund balance	<u>47,255</u>	<u>(221,077)</u>	<u>(221,077)</u>	<u>-</u>	<u>(102,638)</u>
FUND BALANCE, July 1	<u>661,548</u>	<u>221,077</u>	<u>221,077</u>	<u>-</u>	<u>323,715</u>
FUND BALANCE, June 30	<u>\$ 708,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,077</u>

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
V & T CAPITAL PROJECTS FUND

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FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
REVENUE					
Transient lodging tax	\$ 252,025	\$ 252,025	\$ 253,985	\$ 1,960	\$ 252,298
Investment income	500	500	307	(193)	506
Total revenue	<u>252,525</u>	<u>252,525</u>	<u>254,292</u>	<u>1,767</u>	<u>252,804</u>
EXPENDITURES					
Intergovernmental	305,170	305,170	250,169	55,001	301,738
Miscellaneous	100	100	1	99	2
Total expenditures	<u>305,270</u>	<u>305,270</u>	<u>250,170</u>	<u>55,100</u>	<u>301,740</u>
Excess (deficiency) of revenue over (under) expenditures	(52,745)	(52,745)	4,122	56,867	(48,936)
FUND BALANCE, July 1	<u>203,022</u>	<u>203,022</u>	<u>203,022</u>	-	<u>251,958</u>
FUND BALANCE, June 30	<u>\$ 150,277</u>	<u>\$ 150,277</u>	<u>\$ 207,144</u>	<u>\$ 56,867</u>	<u>\$ 203,022</u>

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
V & T ENTERPRISE FUND

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FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
OPERATING REVENUE					
Train tickets	\$ 401,716	\$ 694,539	\$ 684,179	\$ (10,360)	\$ 435,772
Merchandise, net	8,000	14,787	13,481	(1,306)	8,940
Miscellaneous	5,000	5,629	11	(5,618)	3,745
Total operating revenue	414,716	714,955	697,671	(17,284)	448,457
OPERATING EXPENSES					
Salaries	19,500	-	-	-	23,400
Benefits	5,500	-	-	-	6,600
Services and supplies	401,146	827,485	825,248	2,237	560,606
Amortization	1,694	1,694	1,694	-	1,694
Total operating expenses	427,840	829,179	826,942	2,237	592,300
Operating income (loss)	(13,124)	(114,224)	(129,271)	(15,047)	(143,843)
NONOPERATING REVENUE (EXPENSES)					
NCOT grant	-	22,000	22,000	-	14,000
Nevada Commission for the Reconstruction of the V&T Railway	-	100,000	100,000	-	103,984
Investment income	-	3,716	207	(3,509)	1,076
Miscellaneous	-	270	1,268	998	68
Total nonoperating revenue (expenses)	-	125,986	123,475	(2,511)	119,128
Change in net assets	\$ (13,124)	\$ 11,762	(5,796)	\$ (17,558)	(24,715)
NET ASSETS, beginning of year			36,050		60,765
NET ASSETS, end of year			\$ 30,254		\$ 36,050

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU
STATEMENT OF CASH FLOWS - BUDGET AND ACTUAL
V & T ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012				2011
	Budgeted Amounts				
	Original	Final	Actual	Variance	Actual
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 414,716	\$ 669,955	\$ 696,183	\$ 26,228	\$ 476,407
Cash paid to employees	(19,500)	-	-	-	(618,168)
Cash paid to suppliers	(501,646)	(777,179)	(811,079)	(33,900)	(23,400)
Net cash provided by operating activities	(106,430)	(107,224)	(114,896)	(7,672)	(165,161)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from V&T Commission	-	100,000	100,000	-	103,984
Cash received from State of Nevada grants	-	22,000	22,000	-	5,000
Cash received from private donors	-	3,716	-	(3,716)	1,076
Net cash provided by noncapital financing activities	-	125,716	122,000	(3,716)	110,060
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and other income	-	270	1,475	1,205	68
CHANGE IN CASH AND CASH EQUIVALENTS					
	(106,430)	18,762	8,579	(10,183)	(55,033)
CASH AND CASH EQUIVALENTS					
Beginning of year	76,351	76,351	76,351	-	131,384
End of year	\$ (30,079)	\$ 95,113	\$ 84,930	\$ (10,183)	\$ 76,351

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Carson City Convention & Visitors Bureau

We have audited the accompanying financial statements of the Carson City Convention & Visitors Bureau as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Carson City Convention & Visitors Bureau is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Carson City Convention & Visitors Bureau's internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carson City Convention & Visitors Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carson City Convention & Visitors Bureau's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Carson City Convention & Visitors Bureau's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

Segregation of Duties and Monitoring

The Bureau is a small organization with a limited number of staff. As a result, there is a lack of segregation of duties because the majority of accounting functions are performed by only one person for each of the two segments of the business: the Bureau and the V&T operations. We noted the following during our audit of the Bureau:

1. The front desk prepares a log of the deposits received in the mail. The log is not provided to a third party to ensure that the items listed in the log, in fact, make it to the bank and are properly reported in the financial records of the Bureau.
2. The bank statements are opened and reconciled by each of the accountants that perform the deposits and maintain the accounting records for the operations. There is no formal review of the bank statement prior to or after the reconciliation process.
3. Copies of cancelled checks are not received back in the bank statements for the V&T bank account.

4. The V&T accountant has complete control over cash receipts and the ticketing system.
5. A formal reconciliation of the V&T gift shop activity is not performed. During the current year no cash register was utilized.
6. Shuttle activity that is reimbursed to the Plaza Hotel is not reconciled to the amount collected and subsequently paid out.
7. The Executive Director's credit card bill is reviewed by the Chairman of the Board but it is not documented.
8. Although business expenses are documented, a detailed expense report describing the business purposes of the expense incurred for credit card expenses is not prepared.

We recommend that management implement improved cost effective internal controls in order to reduce the risk of fraud and errors to the financial records as follows:

- The log that is prepared by the front desk should be reconciled to the deposits as reflected in the bank statements by someone other than the person preparing the deposit or the bank reconciliation.
- The bank statements should be opened and reviewed by someone other than the person preparing the bank reconciliation.
- Copies of the front and back of the cancelled checks should be returned with the bank statements.
- Someone other than the V&T accountant should compare the information from the ticketing system to the amounts reflected in the general ledger for deposits.
- A cash register should be utilized for all sales other than ticket sales and a daily reconciliation to the cash and credit card deposits should be performed and compared to the "Z" tape.
- Shuttle activity should be run into the cash register and reconciled with the amounts paid out. Cash should not be used to pay out the deposit amount. All payments to vendors should be by check following the normal disbursement process.
- The Chairman of the Board should document his review of the Executive Director's credit card bill before payment.
- A detailed expense report should be implemented documenting the business purpose for all expenses that are incurred on the credit cards.

Management Response: We have addressed the items noted above and believe we have a plan in place to improve the internal control system at the Bureau that has addressed all the weaknesses noted.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carson City Convention & Visitors Bureau's financial statements are free of 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and Carson City, Nevada and others within the Bureau and is not intended to be and should not be used by anyone other than these specified parties.

Molue Colodny

Reno, Nevada
September 19, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH NEVADA REVISED STATUTES BASED ON
AN AUDIT OF FINANCIAL STATEMENTS

To the Board of Directors of
Carson City Convention & Visitors Bureau

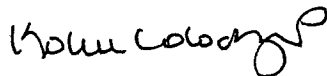
We have audited the financial statements of the governmental activities and major funds of the Carson City Convention & Visitors Bureau as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance with Nevada Revised Statutes (NRS) and regulations applicable to Carson City Convention & Visitors Bureau is the responsibility of management. As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatements, we performed tests of its compliance with certain provision of NRS and the Nevada Administrative Code, 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.

In connection with our audit, nothing came to our attention that caused us to believe that the Bureau had not complied in all material respects with NRS 354, including:

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

This report is intended solely for the information and use of the Board of Directors, management, Carson City, Nevada, others within the Bureau and is not intended to be and should not be used by anyone other than these specified parties.



Reno, Nevada
September 19, 2012

AUDITORS' COMMENTS

AUDITORS' COMMENTS**STATUTE COMPLIANCE**

The required disclosure on compliance with the Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 1 to the financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

None.

PROGRESS ON PRIOR YEAR RECOMMENDATIONS

None.

CURRENT YEAR RECOMMENDATIONS

See the internal control comments in the report on pages 34-35.