

**CARSON CITY CONVENTION &  
VISITORS BUREAU**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

CARSON CITY CONVENTION & VISITORS BUREAU  
JUNE 30, 2013

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# Kohn & Company LLP

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carson City Convention & Visitors Bureau (the "Bureau") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bureau, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

The June 30, 2012 financial statements of the Bureau were audited by Kohn Colodny LLP and they expressed an unmodified opinion on those financial statements in their report dated September 19, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 25-26 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 management's discussion and analysis 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.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bureau's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Know & Company P*

Reno, Nevada  
October 24, 2013



## **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, 2013.

### HIGHLIGHTS

#### **Government-wide: (Governmental Funds Only)**

*Net Position* - The assets of the Bureau exceeded its liabilities at the close of the fiscal year ended June 30, 2013 by \$983,683. Of this amount, \$81,915 as related to fixed assets, \$249,747 was restricted for the V & T Capital Projects Fund and \$136,421 was restricted for the Capital Project Fund.

\$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 net position was closed since all the assets were transferred to the Nevada Commission to Reconstruct the V&T Railway.

*Changes in Net Position* - The Bureau's total net position increased \$43,025 in the governmental funds and decreased \$30,254 in the enterprise fund for the fiscal year ended June 30, 2013.

#### **Fund-Level:**

At the close of the fiscal year, the Bureau's governmental funds reported a combined ending fund balance of \$923,122, representing a increase of \$46,209 from the prior year. The general fund had a net increase of \$22,345, the V & T Capital Projects Fund an increase of \$42,603 and the Capital Project Fund had a net decrease of \$18,739 during the current year.

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

The Bureau's obligation for unused sick and vacation leave decreased by \$40,788 a (65.6% decrease). The Bureau is also obligated under a capital lease which had an outstanding balance of \$1,159 at year end.

### 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 position* presents *all* of the Bureau's assets and liabilities, with the difference between the two reported as "net position". 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 position measures whether the Bureau's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Bureau's net position 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 position 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:

<b>Assets</b>	
Current and other assets	\$ 1,025,939
Net capital assets	83,074
<b>Total assets</b>	<b>1,109,013</b>
<b>Liabilities</b>	
Current liabilities	103,976
Long-term liabilities	21,354
<b>Total liabilities</b>	<b>125,330</b>
<b>Net Position</b>	
Invested in capital assets	81,915
Restricted	386,168
Unrestricted	515,600
<b>Total net position</b>	<b>\$ 983,683</b>

**Net Position:**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Bureau's net position for governmental funds totaled \$983,683 at the end of June 2013 compared with \$940,658 at the end of the previous year.

Almost all of the Bureau's net position is held in cash (\$776,732 or 79%). Of the cash \$324,932 is held to pay off the V & T Bonds and for railroad capital projects.

**Changes in Net Position:**

The net position decreased by \$12,771. Approximately 59% of the total revenue came from lodging taxes, and 35% 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.

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

<b>Revenue</b>		
Sales	\$	750,361
Operating grants and contributions		81,500
<b>General revenues</b>		
Transient lodging taxes		1,257,732
Interest income		1,726
<b>Total revenues</b>		<u>2,091,319</u>
 <b>Expenses</b>		
General government		191,002
Culture and recreation		478,714
Debt Service		38
General Fund - Park and Recreation		70,600
V&T Capital Project Fund		224,549
Capital Project Fund		285,789
V&T Enterprise Fund		827,856
<b>Total expenses</b>		<u>2,078,548</u>
<b>Changes in net position</b>		<u>12,771</u>
Net position, beginning of year		970,912
Net position, end of year	\$	<u>983,683</u>

### 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 \$923,122, an increase of \$46,209 in comparison with the prior year. Approximately \$382,360 or 42% 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 \$510,338 for bond interest and principal payments for V & T Bonds.

General Fund revenue increased 6% 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 decreased 5%.

The overall general fund actual revenue was higher than the budgeted revenue by \$44,002 due to the Nevada Commission on Tourism grants and an intergovernmental transfer from the V & T.

### CAPITAL ASSETS

The Bureau's capital assets amounted to \$184,889 with accumulated depreciation of \$101,815, leaving a net book value of \$83,074. This investment includes shared ownership of a building with the Carson City Chamber of Commerce, the attached parking lot, office furniture, and equipment.

### ECONOMIC CONDITION AND OUTLOOK

Special Events and Sports Tourism continue to drive significant room nights. With the new interlocal agreement between Carson City and the Bureau providing the City owned Fuji Fairgrounds to the Bureau for programming (at no cost) we anticipated event tourism to continue to increase during 2013/2014. Current Trailing Twelve reports indicate an increase of 6.76% in Room Tax as of September 2013. The September 2013 Room Occupancy Report show an increase of 14.7% over September 2012. All indications show a positive outlook for the economic engine of tourism in Carson City for 2013/2014.

## BASIC FINANCIAL STATEMENTS

CARSON CITY CONVENTION & VISITORS BUREAU  
STATEMENT OF NET POSITION  
JUNE 30, 2013

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	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 776,732	\$ -	\$ 776,732
Cash held for others	45,956	-	45,956
Lodging tax receivable	166,328	-	166,328
Accounts receivable	329	-	329
Grants receivable	32,000	-	32,000
Inventory	4,594	-	4,594
Capital assets, net of accumulated depreciation	83,074	-	83,074
Total assets	<u>1,109,013</u>	-	<u>1,109,013</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	34,461	-	34,461
Due to other governments	22,400	-	22,400
Funds held for others	45,956	-	45,956
Noncurrent liabilities:			
Lease obligation due in one year	1,159	-	1,159
Accrued compensated absences	21,354	-	21,354
Total liabilities	<u>125,330</u>	-	<u>125,330</u>
<b>NET POSITION</b>			
Net position			
Invested in capital assets, net of related debt	81,915	-	81,915
Restricted for:			
Bond payments	136,421	-	136,421
V&T Railroad	249,747	-	249,747
Unrestricted, undesignated	<u>515,600</u>	-	<u>515,600</u>
Total net position	<u>\$ 983,683</u>	<u>\$ -</u>	<u>\$ 983,683</u>

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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	Program Revenue		Govern- mental Activities	Business- type Activities	Total			
	Expenses	Sales						
<b>FUNCTIONS/PROGRAMS</b>								
Primary government								
Governmental activities								
General government	\$ 191,002	\$ -	\$ (191,002)	\$ -	\$ (191,002)			
Culture and recreation	478,714	15,444	(444,270)	-	(444,270)			
Intergovernmental	580,938	-	(580,938)	(76,695)	(657,633)			
Debt service	38	-	(38)	-	(38)			
Total governmental activities	<u>1,250,692</u>	<u>15,444</u>	<u>19,000</u>	<u>(1,216,248)</u>	<u>(76,695)</u>			
Business-type activities								
V & T Railroad	<u>751,161</u>	<u>734,917</u>	<u>62,500</u>	<u>-</u>	<u>46,256</u>			
	<u><u>\$ 2,001,853</u></u>	<u><u>\$ 750,361</u></u>	<u><u>\$ 81,500</u></u>	<u><u>(1,216,248)</u></u>	<u><u>(30,439)</u></u>			
General revenue								
Room tax			1,257,732	-	1,257,732			
Interest income			1,541	185	1,726			
Total general revenue			<u>1,259,273</u>	<u>185</u>	<u>1,259,458</u>			
Change in net position			43,025	(30,254)	12,771			
Net position July 1, 2012			<u>940,658</u>	<u>30,254</u>	<u>970,912</u>			
Net position June 30, 2013	\$ <u><u>983,683</u></u>	\$ <u><u>-</u></u>	\$ <u><u>983,683</u></u>					

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION**  
**OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	General Fund	Capital Projects Fund	V & T Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 451,800	\$ 105,803	\$ 219,129	\$ 776,732
Cash held for others	45,956	-	-	45,956
Lodging tax receivable	105,092	30,618	30,618	166,328
Accounts receivable	329	-	-	329
Grants receivable	32,000	-	-	32,000
Inventory	4,594	-	-	4,594
<b>Total assets</b>	<b>\$ 639,771</b>	<b>\$ 136,421</b>	<b>\$ 249,747</b>	<b>\$ 1,025,939</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 34,461	\$ -	\$ -	\$ 34,461
Due to other governments	22,400	-	-	22,400
Funds held for others	45,956	-	-	45,956
<b>Total liabilities</b>	<b>102,817</b>	<b>-</b>	<b>-</b>	<b>102,817</b>
<b>FUND BALANCE AND OTHER CREDITS</b>				
Nonspendable				4,594
Inventory	4,594	-	-	4,594
Restricted				
V & T project	-	-	149,747	149,747
Capital project	-	36,421	-	36,421
Committed				
Bond payments	-	100,000	100,000	200,000
Operating reserve	150,000	-	-	150,000
Assigned				
Subsequent year opening fund balance, net of operating reserve	335,339	-	-	335,339
Uncommitted	47,021	-	-	47,021
Total fund balance and other credits	<u>536,954</u>	<u>136,421</u>	<u>249,747</u>	<u>923,122</u>
<b>Total liabilities, fund balance and other credits</b>	<b>\$ 639,771</b>	<b>\$ 136,421</b>	<b>\$ 249,747</b>	<b>\$ 1,025,939</b>

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Fund balance and other credits - governmental funds	\$ 923,122
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	184,889
Less accumulated depreciation	(101,815)
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	(21,354)
Lease obligation	(1,159)
Net position of governmental activities	<u>\$ 983,683</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, 2013**

	General Fund	Capital Projects Fund	V&T Capital Projects Fund	Total Governmental Funds
<b>REVENUE</b>				
Room taxes	\$ 725,474	\$ 266,829	\$ 266,829	\$ 1,259,132
Intergovernmental revenue	19,000	-	-	19,000
Sales	15,444	-	-	15,444
Investment income	997	221	323	1,541
<b>Total revenue</b>	<b>760,915</b>	<b>267,050</b>	<b>267,152</b>	<b>1,295,117</b>
<b>EXPENDITURES</b>				
Current				
General government	231,790	-	-	231,790
Culture and recreation	434,902	-	-	434,902
Intergovernmental	70,600	285,789	224,549	580,938
Debt service				
Principal	1,240	-	-	1,240
Interest	38	-	-	38
Total expenditures	<b>738,570</b>	<b>285,789</b>	<b>224,549</b>	<b>1,248,908</b>
Change in fund balances	22,345	(18,739)	42,603	46,209
<b>FUND BALANCE, July 1</b>	<b>514,609</b>	<b>155,160</b>	<b>207,144</b>	<b>876,913</b>
<b>FUND BALANCE, June 30</b>	<b>\$ 536,954</b>	<b>\$ 136,421</b>	<b>\$ 249,747</b>	<b>\$ 923,122</b>

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

Net change in fund balance and other credits - governmental funds \$ 46,209

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:

Less capital assets abandoned in the current year	(36,584)
Less current year depreciation	<u>(7,228)</u>
	(43,812)

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 40,788

Prior year deferred revenue that was collected is available to fund current expenditures and therefore is reported in the funds. (1,400)

Lease payments are an expenditure in the governmental funds, but these payments reduce long-term liabilities in the statement of net position. This is the amount by which capital lease financing exceeds repayments. 1,240

Change in net position of governmental activities \$ 43,025

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU  
STATEMENT OF FUND NET POSITION  
V & T ENTERPRISE FUND  
JUNE 30, 2013

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ASSETS

Current assets	\$	-
Cash		-
Grants receivable		-
Inventory		-
Total current assets		-
Noncurrent assets		-
Start-up expenses		-
Total assets		-

LIABILITIES

Accounts payable	-
Deferred revenue	-
Total liabilities	-

NET POSITION

Unrestricted, undesignated	\$	-
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See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
 V & T ENTERPRISE FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

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OPERATING REVENUE		\$	719,150
Train tickets			15,767
Merchandise, net			
Total operating revenue			734,917
OPERATING EXPENSES			
Salaries and benefits			25,002
Marketing			86,675
Operating agreements			603,483
Miscellaneous			36,001
Total operating expenses			751,161
Operating income (loss)			(16,244)
NONOPERATING REVENUE (EXPENSES)			
Intergovernmental revenue			62,500
Transfer net assets to the Nevada Commission for the Reconstruction of the V&T Railway			(76,695)
Investment income			185
Total nonoperating revenue (expenses)			(14,010)
Change in net position			(30,254)
NET POSITION beginning of year			30,254
NET POSITION end of year		\$	

See accompanying notes

**CARSON CITY CONVENTION & VISITORS BUREAU  
STATEMENT OF CASH FLOWS  
V & T ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 695,144
Cash paid to employees	(25,002)
Cash paid to suppliers	<u>(741,062)</u>
Net cash used by operating activities	<u>(70,920)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Cash received from Nevada Commission for the Reconstruction of the V&T Railway	50,000
Transfer net assets to the Nevada Commission for the Reconstruction of the V&T Railway	(76,695)
Cash received from State of Nevada grants	<u>12,500</u>
Net cash used by noncapital financing activities	<u>(14,195)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	<u>185</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

CASH AND CASH EQUIVALENTS, beginning of year	<u>84,930</u>
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CASH AND CASH EQUIVALENTS, end of year	<u>\$ -</u>
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (16,244)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	1,696
Amortization	1,696
Change in assets and liabilities	
(Increase) decrease in:	
Grants receivable	12,000
Inventory	17,619
Increase (decrease) in:	
Accounts payable	(46,218)
Deferred revenue	(39,773)
Net cash used by operating activities	<u>\$ (70,920)</u>

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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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 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. The V & T was transferred to the Nevada Commission for the Reconstruction of the V&T Railway as of December 31, 2012 and is no longer reported by the Bureau after that date.

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires the Board 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. Accordingly, the Bureau has not applied 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.

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.

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash (Continued)

- 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, 2013 are not material and accordingly, are not recognized in the financial statements. The Bureau maintained two gift shops during the year ended June 30, 2013, the inventories of which consist of items held for resale. The 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 Position. 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, improvements to the building, equipment, furniture and equipment which have useful lives ranging from 5 to 40 years.

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, 2013. The total accrued compensated absences are reported on the Statement of Net Position.

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.

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

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

- Net invested in capital assets – consists of capital assets, net of accumulated depreciation and any related debt.
- Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – not position that is neither classified as “invested in capital assets” nor as “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 bond payments and operating reserves under formal action.

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

The Bureau conformed to all significant statutory constraints on its financial administration during the year with the exception of actual expenditures exceeding appropriations for the V&T Capital Project Fund by \$24,449. This is an apparent violation of NRS 354.626.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2011-2012 financial statements. It has been provided to add comparability, but is not considered a full disclosure of transactions for 2011-2012. 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.

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2013, cash and cash equivalents were held in various institutions as follows:

Held by depository institutions	\$ 399,172
Deposited with the Nevada State Treasurer-Local Government Investment Pool	423,054
Held by Carson City	102
Cash on hand	<u>360</u>
	<u>\$ 822,688</u>

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	\$ 423,156	\$ 423,156
Insured by the Federal Deposit Corporation up to \$250,000 or collateralized	399,172	399,548
Uninsured	<u>360</u>	<u>360</u>
	<u>\$ 822,688</u>	<u>\$ 823,064</u>

The Nevada State Treasurer's Local Government Investment Pool (LGIP) is an unrated external pool. As of June 30, 2013, the average weighted maturity of LGIP was 97 days.

**NOTE 3 - 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	\$ 1,332,749
State remittance	(50,030)
Carson City remittance	<u>(24,987)</u>
Net transient lodging tax revenue	<u>\$ 1,257,732</u>

The amounts due at June 30, 2013 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 the amounts needed to service the debt when it is due to Carson City.

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**NOTE 4 - CAPITAL ASSETS**

Capital asset activity consists of the following:

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2012</u>		<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
<b>Governmental activities</b>					
<b>Capital assets, not being depreciated</b>					
Web site	\$ 36,585	\$ -	\$ 36,585	\$ -	\$ -
<b>Capital assets, being depreciated</b>					
Buildings	161,388	\$ -	\$ -	\$ -	161,388
Furniture and equipment	14,772	\$ -	\$ -	\$ -	14,772
Parking lot	8,729	\$ -	\$ -	\$ -	8,729
Total capital assets	184,889	\$ -	\$ -	\$ -	184,889
<b>Less accumulated depreciation</b>					
Buildings	73,920	5,522	\$ -	\$ -	79,442
Furniture and equipment	11,938	1,706	\$ -	\$ -	13,644
Parking lot	8,729	\$ -	\$ -	\$ -	8,729
Total accumulated depreciation	94,587	7,228	\$ -	\$ -	101,815
<b>Total assets being depreciated, net</b>	<u>90,302</u>	<u>(7,228)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>83,074</u>
<b>Net capital assets</b>	<u>\$ 126,887</u>	<u>\$ (7,228)</u>	<u>\$ (36,585)</u>	<u>\$ -</u>	<u>\$ 83,074</u>

Current year depreciation expense of \$7,228 was charged to general government.

**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 transferred 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. Commencing during the year ended June 30, 2012, the taxes deposited into this fund are 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, 2013, an additional \$100,000 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, 2013

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**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, 100 "Tickets to Paradise" are sold for \$299 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 \$45,956 on June 30, 2013 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, 2012	Additions	Deletions	Balance June 30, 2013
Accrued compensated absences	\$ 62,142	\$ -	\$ 40,788	\$ 21,354
Lease obligations	2,400	-	1,241	1,159
Total	\$ 64,542	\$ -	\$ 42,029	\$ 22,513

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 years ended June 30, 2013, 2012 and 2011, was 23.75%, 23.75% and 21.5%, respectively, for regular members. The Bureau's contribution to PERS for the years ended June 30, 2013, 2012 and 2011, was \$46,235 and \$57,667, respectively, equal to the required statutory contribution for the year.

**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.

CARSON CITY CONVENTION & VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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NOTE 10 - CONCENTRATIONS

The Bureau received approximately 20% 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.

NOTE 12 - NEW PRONOUNCEMENTS

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position*. This statement is intended to provide guidance for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position and related disclosures. This adoption of this statement requires the Bureau to modify the balance sheets and replace the statement of revenue, expenses and changes in net assets with a statement of revenue, expenses and changes in net position. There is no material impact to the Bureau's financial position.

REQUIRED SUPPLEMENTARY INFORMATION AND  
OTHER SUPPLEMENTARY INFORMATION

**CARSON CITY CONVENTION & VISITORS BUREAU**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND - DETAILED INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

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	2013					2012	
	Budgeted Amounts		Actual	Variance			
	Original	Final					
<b>REVENUE</b>							
Room tax	\$ 719,550	\$ 719,550	\$ 725,474	\$ 5,924	\$ 691,952		
Sales	19,000	19,000	15,444	(3,556)	18,972		
Intergovernmental	-	-	19,000	19,000	22,000		
Investment income	2,500	2,500	997	(1,503)	8,060		
Total revenue	<u>741,050</u>	<u>741,050</u>	<u>760,915</u>	<u>19,865</u>	<u>740,984</u>		
<b>EXPENDITURES</b>							
Salaries and benefits	392,700	392,700	319,930	72,770	362,255		
Audit - financial/room tax	7,100	7,100	7,100	-	7,100		
Dues and memberships	3,500	3,500	2,095	1,405	2,703		
Legal	3,000	3,000	2,700	300	8,506		
Miscellaneous administrative	6,000	6,000	6,328	(328)	5,073		
Office supplies	7,000	7,000	7,258	(258)	9,250		
Telephone/utilities	9,050	9,050	5,544	3,506	5,832		
Other administrative	19,300	19,300	37,296	(17,996)	22,706		
Brochure and distribution	28,000	28,000	9,444	18,556	24,858		
Conferences/workshops	3,000	3,000	-	3,000	1,702		
Golf consortium	19,500	19,500	8,725	10,775	19,500		
Media ads and product ads	70,200	70,200	47,452	22,748	79,310		
Postage	9,000	9,000	10,480	(1,480)	9,415		
Public relations/promotion	57,300	57,300	103,236	(45,936)	51,254		
Regional marketing CO-OP	25,000	25,000	23,500	1,500	25,000		
Special events	46,200	46,200	28,543	17,657	21,000		
Telephone 800/answer service	3,000	3,000	2,357	643	2,228		
Trade show/travel	4,000	4,000	2,346	1,654	11,112		
Unemployment claims	-	-	208	(208)	-		
Website	68,000	68,000	31,077	36,923	78,262		
Gift store expenses	12,000	12,000	12,351	(351)	12,646		
Intergovernmental (CC Rec)	70,600	70,600	70,600	-	45,000		
Strategic marketing	-	-	-	-	470		
Ghost walk	-	-	-	-	1,050		
Total expenditures	<u>863,450</u>	<u>863,450</u>	<u>738,570</u>	<u>124,880</u>	<u>806,232</u>		
Excess (deficiency) of revenue over (under) expenditures	(122,400)	(122,400)	22,345	144,745	(65,248)		
<b>OTHER FINANCING SOURCES (USES)</b>							
Contingency	(20,000)	(20,000)	-	20,000	-		
Net change in fund balance	<u>(142,400)</u>	<u>(142,400)</u>	<u>22,345</u>	<u>164,745</u>	<u>(65,248)</u>		
<b>FUND BALANCE, July 1</b>	<u>416,693</u>	<u>416,693</u>	<u>514,609</u>	<u>97,916</u>	<u>579,857</u>		
<b>FUND BALANCE, June 30</b>	<u>\$ 274,293</u>	<u>\$ 274,293</u>	<u>\$ 536,954</u>	<u>\$ 262,661</u>	<u>\$ 514,609</u>		

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, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

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	2013					2012
	Budgeted Amounts		Actual	Variance	Actual	
	Original	Final				
<b>REVENUE</b>						
Room tax	\$ 719,550	\$ 719,550	\$ 725,474	\$ 5,924	\$ 691,952	
Sales	19,000	19,000	15,444	(3,556)	18,972	
Intergovernmental	-	-	19,000	19,000	22,000	
Interest	2,500	2,500	997	(1,503)	8,060	
Total revenue	<u>741,050</u>	<u>741,050</u>	<u>760,915</u>	<u>19,865</u>	<u>740,984</u>	
<b>EXPENDITURES</b>						
Current						
General government						
Salaries	128,000	128,000	106,214	21,786	124,497	
Benefits	68,350	68,350	66,253	2,097	56,631	
Services and supplies	55,050	55,050	60,601	(5,551)	60,601	
	<u>251,400</u>	<u>251,400</u>	<u>233,068</u>	<u>18,332</u>	<u>241,729</u>	
Culture and recreation						
Salaries	128,000	128,000	106,214	21,786	124,496	
Benefits	68,350	68,350	66,253	2,097	56,631	
Services and supplies	345,700	345,100	262,435	82,665	316,841	
Capital outlay	-	-	-	-	21,535	
	<u>542,050</u>	<u>541,450</u>	<u>434,902</u>	<u>106,548</u>	<u>519,503</u>	
Intergovernmental	<u>70,000</u>	<u>70,600</u>	<u>70,600</u>	<u>-</u>	<u>45,000</u>	
Total expenditures	<u>863,450</u>	<u>863,450</u>	<u>738,570</u>	<u>124,880</u>	<u>806,232</u>	
Excess (deficiency) of revenue over (under) expenditures	(122,400)	(122,400)	22,345	144,745	(65,248)	
<b>OTHER FINANCING USES</b>						
Contingency	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	
Change in fund balances	<u>(142,400)</u>	<u>(142,400)</u>	<u>22,345</u>	<u>164,745</u>	<u>(65,248)</u>	
FUND BALANCE, July 1	<u>416,693</u>	<u>416,693</u>	<u>514,609</u>	<u>97,916</u>	<u>579,857</u>	
FUND BALANCE, June 30	<u>\$ 274,293</u>	<u>\$ 274,293</u>	<u>\$ 536,954</u>	<u>\$ 262,661</u>	<u>\$ 514,609</u>	

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, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

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	2013					2012	
	Budgeted Amounts		Actual	Variance	Actual		
	Original	Final					
<b>REVENUE</b>							
Transient lodging tax	\$ 264,662	\$ 264,662	\$ 266,829	\$ 2,167	\$ 253,985		
Investment income	500	500	221	(279)	268		
Total revenue	<u>265,162</u>	<u>265,162</u>	<u>267,050</u>	<u>1,888</u>	<u>254,253</u>		
<b>EXPENDITURES</b>							
Intergovernmental	310,200	310,200	285,789	24,411	320,169		
Miscellaneous	100	100	-	100	1		
Total expenditures	<u>310,300</u>	<u>310,300</u>	<u>285,789</u>	<u>24,511</u>	<u>320,170</u>		
Excess (deficiency) of revenue over (under) expenditures	(45,138)	(45,138)	(18,739)	26,399	(65,917)		
<b>OTHER FINANCING SOURCES</b>							
Transfer in	-	-	-	-	221,077		
Change in fund balance	(45,138)	(45,138)	(18,739)	26,399	155,160		
FUND BALANCE, July 1	<u>208,332</u>	<u>208,332</u>	<u>155,160</u>	<u>(53,172)</u>	<u>-</u>		
FUND BALANCE, June 30	<u>\$ 163,194</u>	<u>\$ 163,194</u>	<u>\$ 136,421</u>	<u>\$ (26,773)</u>	<u>\$ 155,160</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, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

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	2013					2012	
	Budgeted Amounts					Variance	Actual
	Original	Final	Actual				
<b>REVENUE</b>							
Transient lodging tax	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Investment income	-	-	-	-	-		-
Total revenue	-	-	-	-	-		-
<b>EXPENDITURES</b>							
Intergovernmental	-	-	-	-	-		-
Miscellaneous	-	-	-	-	-		-
Total expenditures	-	-	-	-	-		-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-	-		-
<b>OTHER FINANCING SOURCES</b>							
Transfer out	-	-	-	-	-		(221,077)
Change in fund balance	-	-	-	-	-		(221,077)
<b>FUND BALANCE, July 1</b>	-	-	-	-	-		<b>221,077</b>
<b>FUND BALANCE, June 30</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -

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  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

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	2013					2012
	Budgeted Amounts					Actual
	Original	Final	Actual	Variance		
REVENUE						
Transient lodging tax	\$ 264,662	\$ 264,662	\$ 266,829	\$ 2,167	\$ 253,985	
Investment income	500	500	323	(177)	307	
Total revenue	<u>265,162</u>	<u>265,162</u>	<u>267,152</u>	<u>1,990</u>	<u>254,292</u>	
EXPENDITURES						
Intergovernmental	200,000	200,000	224,549	(24,549)	250,169	
Miscellaneous	100	100	-	100	1	
Total expenditures	<u>200,100</u>	<u>200,100</u>	<u>224,549</u>	<u>(24,449)</u>	<u>250,170</u>	
Excess (deficiency) of revenue over (under) expenditures	65,062	65,062	42,603	(22,459)	4,122	
FUND BALANCE, July 1	<u>150,277</u>	<u>150,277</u>	<u>207,144</u>	<u>56,867</u>	<u>203,022</u>	
FUND BALANCE, June 30	\$ <u>215,339</u>	\$ <u>215,339</u>	\$ <u>249,747</u>	\$ <u>34,408</u>	\$ <u>207,144</u>	

See accompanying notes

CARSON CITY CONVENTION & VISITORS BUREAU  
 STATEMENT OF REVENUE, EXPENSES  
 AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL  
 V & T ENTERPRISE FUND  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
<b>OPERATING REVENUE</b>					
Train tickets	\$ 750,099	\$ 750,099	\$ 719,150	\$ (30,949)	\$ 684,179
Merchandise, net	14,250	14,250	15,767	1,517	13,481
Miscellaneous	11,884	11,884	-	(11,884)	11
Total operating revenue	776,233	776,233	734,917	(41,316)	697,671
<b>OPERATING EXPENSES</b>					
Salaries	19,500	19,500	20,002	(502)	-
Benefits	5,500	5,500	5,000	500	-
Services and supplies	688,435	688,435	726,159	(37,724)	825,248
Amortization	1,694	1,694	-	1,694	1,694
Total operating expenses	715,129	715,129	751,161	(36,032)	826,942
Operating income (loss)	61,104	61,104	(16,244)	(77,348)	(129,271)
<b>NONOPERATING REVENUE (EXPENSES)</b>					
NCOT grant	-	-	12,500	12,500	22,000
Nevada Commission for the Reconstruction of the V&T Railway	-	-	50,000	50,000	100,000
Transfer net assets to the Nevada Commission for the Reconstruction of the V&T Railway	-	-	(76,695)	(76,695)	-
Investment income	2,500	2,500	185	(2,315)	207
Miscellaneous	125	125	-	(125)	1,268
Total nonoperating revenue (expenses)	2,625	2,625	(14,010)	(16,635)	123,475
Change in net position	\$ 63,729	\$ 63,729	\$ (30,254)	\$ (93,983)	\$ (5,796)
NET POSITION, beginning of year			30,254		36,050
NET POSITION, end of year	\$ -		\$ -		\$ 30,254

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

---

	2013				2012
	Budgeted Amounts		Actual	Variance	Actual
	Original	Final			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 745,608	\$ 745,608	\$ 695,144	\$ (50,464)	\$ 696,183
Cash paid to employees	(25,000)	(25,000)	(25,002)	(2)	-
Cash paid to suppliers	(688,950)	(688,950)	(741,062)	(52,112)	(811,079)
Net cash used by operating activities	<u>31,658</u>	<u>31,658</u>	<u>(70,920)</u>	<u>(102,578)</u>	<u>(114,896)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash received from V & T Commission	-	-	50,000	50,000	100,000
Cash received from State of Nevada grants	-	-	12,500	12,500	22,000
Transfer net assets to the Nevada Commission for the Reconstruction of the V&T Railway	-	-	(76,695)	(76,695)	-
Cash received from private donors	<u>125</u>	<u>125</u>	<u>-</u>	<u>(125)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>125</u>	<u>125</u>	<u>(14,195)</u>	<u>(14,320)</u>	<u>122,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	<u>-</u>	<u>-</u>	<u>185</u>	<u>185</u>	<u>1,475</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>					
	31,783	31,783	(84,930)	(116,713)	8,579
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	<u>74,656</u>	<u>74,656</u>	<u>84,930</u>	<u>10,274</u>	<u>76,351</u>
End of year	<u>\$ 106,439</u>	<u>\$ 106,439</u>	<u>\$ -</u>	<u>\$ (106,439)</u>	<u>\$ 84,930</u>

See accompanying notes

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE



# Kohn & Company LLP

## 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carson City Convention & Visitors Bureau, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carson City Convention & Visitors Bureau's basic financial statements, and have issued our report thereon dated October 24, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carson City Convention & Visitors Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carson City Convention & Visitors Bureau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kohn & Company*

Reno, Nevada  
October 24, 2013



# Kohn & Company LLP

## 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, 2013, and have issued our report thereon dated October 24, 2013. 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, except for actual expenditures exceeding appropriations for the V&T Capital Projects Fund by \$24,449, 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.

*Kohn & Company*

Reno, Nevada  
October 24, 2013

## 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

Management addressed all the issues noted in prior year; however, with the transition of staff the changes were not implemented during the entire period. The recommended changes are now in place with the new Executive Director.

### CURRENT YEAR RECOMMENDATIONS

We recommend that the Bureau augment its budget before year end when revenue or circumstances change to ensure that expenditures do not exceed appropriation.