

NEVADA COMMISSION FOR THE
RECONSTRUCTION OF THE V&T RAILWAY
FINANCIAL STATEMENTS
JUNE 30, 2021

Draft Audit Report

NEVADA COMMISSION FOR THE RECONSTRUCTION OF THE V&T RAILWAY
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

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Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Nevada Commission for the Reconstruction of the V&T Railway

Report on the Financial Statements

We have audited the accompanying financial statements of the Nevada Commission for the Reconstruction of the V&T Railway (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Nevada Commission for the Reconstruction of the V&T Railway, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 18, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated *DATE PENDING*, on our consideration of the Nevada Commission for the Reconstruction of the V&T Railway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Nevada Commission for the Reconstruction of the V&T Railway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nevada Commission for the Reconstruction of the V&T Railway's internal control over financial reporting and compliance.

Carson City, Nevada
DATE PENDING

Draft Audit Report

Nevada Commission for the Reconstruction of the V&T Railway
Management's Discussion & Analysis
June 30, 2021

The Nevada Commission for the Reconstruction of the V&T Railway (the Commission) provides this discussion and analysis of the Commission's Financial Report for readers of the Commission's financial statements. This narrative overview and analysis of the financial activities of the Commission is for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the Commission exceeded its liabilities at the close of the fiscal year ended June 30, 2021, by \$29,398,810 (*net position*). Of this amount, \$29,094,489 related to capital assets.
- The Commission's total net position decreased by \$560,010 in the fiscal year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction and overview of the Commission's annual financial report. The Commission's basic financial statements consist of two parts: Management's Discussion and Analysis, and the Financial Statements including Notes to the Financial Statements. This report also contains Supplemental Information in addition to the basic financial statements.

Fund Financial Statements

The Commission maintains an enterprise fund, which account for the basic programs of the Commission. This fund focuses on economic measurement of resources. This fund is reported using the accrual basis of accounting.

Enterprise Fund

The Enterprise Fund is now used to account for the business operations of the V&T Railway. The business-type fund reports activity using the accrual basis of accounting, wherein revenues are recorded when earned and expenses are recorded when incurred.

Notes to Financial Statements

Notes to financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Commission's net position totaled \$29,398,810 at June 30, 2021, compared with \$29,958,820 at the end of the previous year.

Nevada Commission for the Reconstruction of the V&T Railway
Management's Discussion & Analysis
June 30, 2021

The condensed Statement of Net Position is as follows:

Summary of Net Position

	Business-Type Activities	
	6/30/2021	6/30/2020
Current and other assets	\$ 934,642	\$ 349,865
Capital assets	29,094,489	30,250,032
Total assets	<u>30,029,131</u>	<u>30,599,897</u>
Current liabilities	380,321	391,077
Non current liabilities	250,000	250,000
Total liabilities	<u>630,321</u>	<u>641,077</u>
Net assets:		
related debt	29,094,489	29,814,154
Unrestricted	304,321	144,666
Total net position	<u>\$ 29,398,810</u>	<u>\$ 29,958,820</u>

The condensed Statement of Revenues, Expenses, and Changes in Net Position is as follows:

Summary of Revenues, Expenses, and Changes in Net Position

	Business-Type Activities	
	6/30/2021	6/30/2020
Revenues:		
Charges for services	\$ 294,466	\$ 1,080,394
General revenue	363,759	388,289
Total revenues	<u>658,225</u>	<u>1,468,683</u>
Expenditures		
V&T Railway	1,218,235	2,103,226
Total expenditures	<u>1,218,235</u>	<u>2,103,226</u>
Change in Net Position	(560,010)	(634,543)
Beginning Net Position	29,958,820	30,593,363
Beginning Net Position, Restated	29,958,820	30,593,363
Ending Net Position	<u>\$ 29,398,810</u>	<u>\$ 29,958,820</u>

The net position decreased by \$560,010 during the current fiscal year. Depreciation expense was \$749,246, which is the largest cause of the decrease in net position.

Nevada Commission for the Reconstruction of the V&T Railway
Management's Discussion & Analysis
June 30, 2021

Financial Analysis of the Commission's Funds

Enterprise Fund operating revenue decreased \$785,013 from the prior year. This was due to the continuing impact on tourism from the COVID-19 Pandemic. Train rides were projected to result in an additional \$220,462 in revenue. Contributions from governments in the amount of \$363,759 were less than the prior year due to deferred requests for funding. Enterprise fund expenses decreased by \$884,991 from the prior year. The main reason for the decreased operating activities was directly related to the impact of COVID-19.

Capital Assets

The Commission's capital assets amounted to \$37,848,784, with accumulated depreciation of \$8,754,295, leaving net book value of \$29,094,489. An additional \$13,408 in work in process for ongoing repairs to the #18 train engine was incurred during the year. See Note 5 to the financial statements for further information.

Long-Term Debt

The Commission's long-term debt is a payable due to Storey County with an outstanding balance of \$250,000 at June 30, 2021. This liability relates to a request made by Storey County during the year ended June 30, 2010 for a \$250,000 grant for their Virginia City Freight Depot. See Note 7 to the financial statements for further information.

Economic Condition and Outlook

State mandated COVID-19 related restrictions have relaxed gradually during the year ended June 30, 2021. Uncertainties linger and forecasting revenue for the upcoming fiscal year remains difficult at this time. The Commission expects an unpredictable 2022 train season and will submit an augmented budget if necessary. In addition, the Commission will seek additional funding from its current resources and through the addition of new revenue opportunities as they arise.

Requests for Information

This financial report is designed to provide a general overview of the Nevada Commission for the Reconstruction of the V&T Railway's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Allyson Bolton, General Manager, PO Box 1711, Carson City, Nevada 89702.

Nevada Commission for the Reconstruction of the V&T Railway
Statement of Net Position
June 30, 2021

ASSETS

Current Assets

Cash	\$ 388,671
Deposit in escrow	200,000
Accounts receivable	19,155
Interest receivable	8,242
Due from other governments	65,857
Prepaid expenses	7,611
Inventory	15,417
Note receivable	229,689
Total Current Assets	<u>934,642</u>

Property, plant & equipment, ne	29,094,489
Total Non-Current Assets	<u>29,094,489</u>

Total Assets	<u>30,029,131</u>
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LIABILITIES

Current Liabilities

Due to other governments	319,363
Accounts payable	33,510
Ticket sales received in advance	27,448
Total Current Liabilities	<u>380,321</u>

Non current liabilities

Storey County payable	<u>250,000</u>
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Total Liabilities	<u>630,321</u>
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NET POSITION

Invested in capital assets, net of debt	29,094,489
Unrestricted	<u>304,321</u>

Total Net Position	<u>\$ 29,398,810</u>
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Nevada Commission for the Reconstruction of the V&T Railway
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

OPERATING REVENUES	
Train and rail bike tickets	\$ 268,418
Merchandise, net	2,416
License plate revenues	23,632
Grant revenues	<u>24,547</u>
Total Operating Revenues	<u>319,013</u>
OPERATING EXPENSES	
Marketing	16,117
Operating agreements	46,007
Professional services	325,435
Repairs and maintenance	25,590
Insurance	17,440
Utilities	17,910
Office expense	7,801
Miscellaneous expense	12,689
Depreciation	<u>749,246</u>
Total Operating Expenses	<u>1,218,235</u>
Net Operating Loss	(899,222)
Non-Operating Revenues	
Investment income	19,075
Government contributions	315,000
Miscellaneous	<u>5,137</u>
Total Non-Operating Revenues	<u>339,212</u>
Change in Net Position	(560,010)
NET POSITION, June 30, 2020	<u>29,958,820</u>
NET POSITION, June 30, 2021	<u><u>\$ 29,398,810</u></u>

See Accompanying Accountant's Audit Report Notes to Financial Statements

Nevada Commission for the Reconstruction of the V&T Railway
Statement of Cash Flows
June 30, 2021

CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 312,455
Other cash paid	(97,974)
Cash paid to suppliers	<u>(406,097)</u>
Net cash used by operating activities	<u>(191,616)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(29,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Principal paid on notes receivable	206,189
Governmental contributions	254,431
Interest and other income	<u>32,514</u>
Net cash provided by investing activities	<u>493,134</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	271,937
CASH AND CASH EQUIVALENTS, June 30, 2020	<u>316,734</u>
CASH AND CASH EQUIVALENTS, June 30, 2021	<u><u>\$ 588,671</u></u>
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (899,222)
Non-cash adjustment	
Depreciation	749,246
Adjustments to reconcile operating loss to net cash used by operating activities	
Increase (decrease) in cash from changes in:	
Accounts receivable	(19,155)
Prepaid expenses	2,913
Inventory	1,531
Accounts payable	(22,982)
Ticket sales received in advance	<u>12,226</u>
Net cash used by operating activities:	<u><u>\$ (175,443)</u></u>

See Accompanying Accountant's Audit Report Notes to Financial Statements

Nevada Commission for the Reconstruction of the V&T Railway
Notes to Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows:

Reporting Entity

Nevada Commission for the Reconstruction of the V&T Railway (the Commission) is a body corporate and politic, the geographical jurisdiction of which is Carson City and Storey counties. The Commission was created June 1, 1993, received its initial funding July 1995, and is composed of five commissioners appointed as follows:

1. One member who is a member of the Board of Supervisors of Carson City appointed from among its members or who is a designee of the Board of Supervisors of Carson City;
2. One member appointed by the Board of County Commissioners of Storey County from among its members or who is a designee of the board of County commissioners of Storey County;
3. One member appointed by the Board of the Carson City Culture and Tourism Authority from among its members or who is a designee of the Board;
4. One member appointed by the Virginia City Tourism Commission from among its members or who is a designee of the Commission; and
5. One member appointed by the Governor.

The Commission operates as a business-like Enterprise Fund.

Enterprise Fund: Effective January 1, 2013, the Commission created an Enterprise Fund. This fund is used to account for the operations of the train. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises where the Board has decided that the determination of revenue earned, costs incurred, or net income is necessary or useful for management accountability. Effective June 30, 2018, the Commission eliminated the General Fund and transferred all assets, liabilities and fund equities to the Enterprise Fund.

Federal and state grants and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Nevada Commission for the Reconstruction of the V&T Railway
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting

The Commission adheres to the Local Government Budget and Finance Act incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data, which is reflected in the financial statements:

1. On or before April 15, the members of the Commission file a tentative budget with the Nevada Department of Taxation.
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 Commission 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 Commission
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. The budget for the fund is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Appropriations lapse at year end.
6. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Commission.

Due from Other Governments

No allowance for doubtful accounts has been established since management does not anticipate any material collection loss with respect to the balance receivable from other governments. These amounts are deemed fully collectible.

Inventory

Management of the Commission 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, 2021, are not material and accordingly, are not recognized in the financial statements. The Commission contracts out the running of a gift shop, however they maintain inventory held specifically for sale during the Polar Express season. The inventory is stated at the lower of cost or market, with cost determined on a First-In, First-Out (FIFO) basis.

Capital Assets

Capital assets, include land, buildings, and machinery and equipment. Capital assets are defined by the Commission as assets with a unit cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation of capital assets is calculated using the straight-line method using the following lives:

Building	39 years
Machinery and equipment	5 years

Tickets Received in Advance

Tickets received in advance consist of advance sales of tickets for the next fiscal year's train operations.

Nevada Commission for the Reconstruction of the V&T Railway
Notes to Financial Statements
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified as follows:

Invested in capital assets, net – consists of capital assets, net of accumulated depreciation and long-term obligations related to these capital assets.

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. The Commission has no items that are considered to be restricted net position.

Unrestricted net position – represents resources that are not generally subject to externally imposed restrictions and may be used to meet current expense for any purpose.

Operating and Non-operating Revenues and Expenses

Revenues and expenses are classified as operating if they result from providing services and producing and delivering goods. They also include other events that are not defined as capital and related financing, noncapital financing, or investing activities. Grants and contracts representing non-exchange transaction are considered operating revenues.

Revenues and expenses are classified as non-operating if they result from capital and related financing, noncapital financing, or investing activities. Appropriations received to finance operating deficits are classified as noncapital financing activities; therefore, they are reported as non-operating revenues. Grants and contracts representing non-exchange receipts are treated as non-operating revenues.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The Commission conformed to all significant statutory constraints on its financial administration during the year.

NOTE 3 – CASH

A summary of cash for the Commission at June 30, 2021, is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Represented by		
Petty Cash	\$ 50	\$ -
Cash in bank, checking (insured by FDIC)	388,620	390,436
	<u>388,670</u>	<u>390,436</u>
Total cash and investments	<u>\$ 388,670</u>	

Nevada Commission for the Reconstruction of the V&T Railway
Notes to Financial Statements
June 30, 2021

NOTE 3 – CASH (CONTINUED)

Since all cash of the Commission are deposited in financial institutions and are available upon demand, all cash of the Commission are considered to be cash equivalents.

The Commission maintains its cash in a bank deposit account, which at times, might exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Commission had \$138,620 in excess of insured limits.

NOTE 4 – NOTES RECEIVABLE

In November 2015, the Commission sold surplus land and building for a gain of \$154,418. The sales price of \$785,000 consisted of \$248,415 in cash and a term note of \$485,000. The term note bears interest at 5.0% per annum. Interest and principal payments are due monthly until maturity on December 1, 2020. Subsequently, in January of 2021, the promisor stopped making payments and attempted to enter into a new agreement with the Commission. As of June 30, 2021, the Commission received a one-time payment of \$200,000 from the promisor which is reported as funds in escrow in the statement of net position. A new agreement is under negotiation and is awaiting the approval of the Commission.

Changes in the note receivable are as follows:

Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021	Due in 2021-2022
\$ 435,878	\$ -	\$ 206,189	\$ 229,689	\$ 229,689

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Nevada Commission for the Reconstruction of the V&T Railway
Notes to Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<u>Business activities</u>				
Capital assets being depreciated				
Buildings	\$ 32,004,701	\$ 16,173	\$ -	\$ 32,020,874
Machinery and equipment	702,921	-	-	702,921
Total depreciable assets	<u>32,707,622</u>	<u>16,173</u>	<u>-</u>	<u>32,723,795</u>
Less accumulated depreciation for:				
Capital assets	<u>(8,005,049)</u>	<u>(749,246)</u>	<u>-</u>	<u>(8,754,295)</u>
Total accumulated depreciation	<u>(8,005,049)</u>	<u>(749,246)</u>	<u>-</u>	<u>(8,754,295)</u>
Total capital assets, being depreciated, net	<u>24,702,573</u>	<u>(733,073)</u>	<u>-</u>	<u>23,969,500</u>
Capital assets not being depreciated				
Work in process	521,394	13,408	-	534,802
Land and easements	4,590,187	-	-	4,590,187
Total non-depreciable assets	<u>5,111,581</u>	<u>13,408</u>	<u>-</u>	<u>5,124,989</u>
Business activities capital assets, net	<u>\$ 29,814,154</u>	<u>\$ (719,665)</u>	<u>\$ -</u>	<u>\$ 29,094,489</u>

Depreciation expense totaling \$749,246 was charged to the business-type operating expense function.

NOTE 6 – RISK MANAGEMENT

The Commission, like all governmental entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Commission is covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

Nevada Commission for the Reconstruction of the V&T Railway
Notes to Financial Statements
June 30, 2021

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Based on previous interlocal agreements between the Commission and Storey County, certain sales tax amounts approved by the voters of Storey County for the support of the V&T Railway project were retained by Storey County in lieu of Storey County providing the Commission a flat annual dollar amount. The amounts due from Storey County to the Commission under these agreements have not been reconciled between the two organizations since the inception of the first agreement. It is unknown whether the outcome of the reconciliation will result in a material impact to the Commission.

Also documented in the above referenced interlocal agreement was a one-time grant from the Commission to Storey County in the amount of \$250,000 to assist Storey County with the purchase of the old freight depot in Virginia City. This liability will be included in the reconciliation between the two organizations.

In addition, amounts included in due to other governments as a current liability total \$319,363 and represent expenditures of the Commission paid by Storey County and will be subject to the reconciliation between the two organizations.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and disclosure within the financial statements of the year ended June 30, 2021. Management has evaluated subsequent events through *DATE PENDING* which is the date the financial statements were available for issue.

On November 30, 2021, the Commission approved a new note receivable effective January 1, 2022 for the outstanding balance and accrued interest of \$245,218 with an interest rate of 5.0% per annum. Interest and principal payments of \$10,758 are due monthly until maturity on December 1, 2023.

NOTE 9 – RISK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization (WHO) declared the novel Coronavirus (COVID-19) outbreak a global pandemic, constituting "public health emergency of international concern". The Organization is responding to the recent COVID-19 outbreak with a measured, practical response. While the disruptions are currently expected to be temporary, there is considerable uncertainty about the duration. Therefore, while the Organization expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated.

SUPPLEMENTARY INFORMATION

Draft Audit Report

Nevada Commission for the Reconstruction of the V&T Railway
Statement of Revenues, Expenses and Changes in Net Position - Budget to Actual
For the Year Ended June 30, 2021

	BUDGETED AMOUNTS			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Operating revenues				
Train and rail bike tickets	\$ 454,860	\$ 454,860	\$ 268,418	\$ (186,442)
Photo revenue	3,200	3,200	-	(3,200)
Merchandise, net	23,000	23,000	2,416	(20,584)
Licence plate revenue	19,200	19,200	23,632	4,432
Grant revenue	-	-	24,547	24,547
Total operating revenues	500,260	500,260	319,013	(181,247)
Nonoperating revenues				
Investment income	-	-	19,075	19,075
Interlocal Support	250,000	250,000	315,000	65,000
Miscellaneous	6,840	6,840	5,137	(1,703)
Sale of property	34,020	34,020	-	(34,020)
Total nonoperating revenues	290,860	290,860	339,212	48,352
Total Revenues	791,120	791,120	658,225	(132,895)
EXPENDITURES				
Current				
Operating expenses				
Marketing	49,000	49,000	16,117	32,883
Operating agreements	105,389	105,389	46,007	59,382
Professional services	535,400	535,400	325,435	209,965
Repairs and maintenance	45,500	45,500	38,998	6,502
Insurance	12,000	12,000	17,440	(5,440)
Utilities	9,000	9,000	17,910	(8,910)
Miscellaneous expenses	7,550	7,550	12,689	(5,139)
Office expenses	15,181	15,181	7,801	7,380
Merchandise	12,100	12,100	-	12,100
Total Expenses	791,120	791,120	482,397	308,723
Change in Net Position - Budget Basis	\$ -	\$ -	175,828	\$ 175,828
Add Engine #18 repairs			13,408	
Change in Net Position			\$ 189,236	

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REPORTS ON INTERNAL CONTROL & COMPLIANCE

Casey Neilson, Inc.
Accountants and Advisors

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

To the Commissioners
Nevada Commission for the Reconstruction of the V&T Railway

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 Nevada Commission for the Reconstruction of the V&T Railway (the Commission) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated *DATE PENDING*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nevada Commission for the Reconstruction of the V&T Railway's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nevada Commission for the Reconstruction of the V&T Railway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected in 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations 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 the Nevada Commission for the Reconstruction of the V&T Railway'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 or other matters that are required to be reported under *Government Auditing Standards*.

Nevada Commission for the Reconstruction of the V & T Railway

Nevada Commission for the Reconstruction of the V & T Railway's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Nevada Commission for the Reconstruction of the V & T Railway's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Carson City, Nevada
DATE PENDING

Draft Audit Report

AUDITOR'S COMMENTS

Draft Audit Report