Financial Statements
June 30, 2019

Elko Convention & Visitors Authority

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Independent Auditor's Report

The Board of Governors
Elko Convention & Visitors Authority
Elko, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of the Elko Convention & Visitors Authority, State of Nevada (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Authority'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 Authority'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.

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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 and each major fund of the Authority, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Marketing and Tourism Promotion Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Schedule of Authority's Share of Net Pension Liability on page 36, and the Schedule of Authority's Contributions on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The major fund schedules of revenues, expenditures, and changes in fund balances – budget and actual listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The major fund schedules of revenues, expenditures and changes in fund balances – budget and actual, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund schedules of revenues, expenditures, and changes in fund balances – budget and actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior-Year Comparative Information
We have previously audited, in accordance with accounting standards generally accepted in the United States of America, the basic financial statements of the Authority as of and for the year ended June 30, 2018, and have issued a report thereon dated October 18, 2018, which expressed an unmodified opinion on the respective financial statements of the governmental activities and each major fund.

The major fund schedules of revenues, expenditures and changes in fund balances – budget and actual related to the 2018 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The major fund schedules of revenues, expenditures and changes in fund balances – budget and actual are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority'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 Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Elko, Nevada
November 25, 2019

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The following discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the Elko Convention & Visitors Authority (referred to as the ECVA).

Financial Highlights

- Conference Center revenues continue to exceed expectations, at $259,238 for the year, 106% of anticipated revenues, while the operating expenses for the Conference Center were $234,906, 74% of projected expenses.

- At the close of the fiscal year the Authority's governmental funds combined ending fund balances for the year were $4,788,917, a decrease of $1,237,096 from prior year, with the General Fund and Facility Expansion Fund recording lower than anticipated ending fund balances.

- The ECVA's total expenditures exceeded total revenue by $1,237,096.

- The ECVA's total net position increased 1% from the previous year. Overall revenues were up 4%, generated by increases in room taxes and charges for services. There was a increase in net capital assets of 8% due to completion of renovation and improvement projects, and an increase in general government expenses by 1% which contributed to the overall decrease in net position. At the close of the fiscal year, the ECVA's governmental activities reported a total Net Position of $8,766,908; an increase of $124,527 or 1% from the 2017-18 fiscal year Net Position of $8,642,381.

Overview of the Financial Statements

The basic financial statements of the ECVA are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. The supplemental information provides additional detail for each of the four ECVA funds.

Government-Wide Financial Statements

The government-wide financial statements are presented to provide readers with a broad overview of the ECVA in a manner that is similar to that of the private sector.

- The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources is reported as "net position". Over time, increases and decreases in net position may serve as an indicator of improvements or deterioration of financial condition.

- The major change from 2017-2018 was the recording of a capital asset for the $1,459,602 renovation of the HVAC system in the Convention Center.

Condensed Statement of Net Position

	Governmental Activities 2019	Governmental Activities 2018	$ Change	% Change
Assets				
Current and other assets	$ 5,304,377	$ 6,170,025	$ (865,648)	(14%)
Net capital assets	12,629,320	11,695,917	933,403	8%
Total assets	17,933,697	17,865,942	67,755	0%
Deferred Outflows of Resources				
Deferred outflows related to pensions	246,632	260,832	(14,200)	(5%)
Liabilities				
Current liabilities	273,715	135,648	138,067	102%
Non-current liabilities	9,032,751	9,258,607	(225,856)	(2%)
Total liabilities	9,306,466	9,394,255	(87,789)	(1%)
Deferred Inflows of Resources				
Deferred inflows related to pensions	104,755	87,838	16,917	19%
land lease	2,200	2,300	(100)	(4%)
Total deferred inflows of resources	106,955	90,138	16,817	19%
Net Position				
Net investment in capital assets	4,967,606	3,837,469	1,130,137	29%
Restricted	1,198,190	1,183,490	14,700	1%
Unrestricted	2,601,112	3,621,422	(1,020,310)	(28%)
Total Net Position	$ 8,766,908	$ 8,642,381	$ 124,527	1%

Government–wide Financial Statements

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The increase in governmental activities revenue is a result of higher room tax receipts received in 2018-2019, while other revenues were slightly higher than previous year. Room tax proceeds increased 5% over the prior year.

Condensed Statement of Activities
Governmental Activities

	2019	2018	$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	$ 899,264	$ 849,611	$ 49,653	6%
Operating grants and contributions	30,668	22,499	8,169	36%
			-	
Total program revenues	929,932	872,110	57,822	7%
General Revenues:				
Property taxes	517,665	548,952	(31,287)	(6%)
Room taxes	1,388,691	1,323,407	65,284	5%
Combined state tax apportionment	391,396	391,396	-	0%
Other local sources	153,426	137,854	15,572	11%
Unrestricted investment earnings	35,752	13,873	21,879	158%
Total general revenues	2,486,930	2,415,482	71,448	3%
Total revenues	3,416,862	3,287,592	129,270	4%
Expenses				
General government	2,923,383	2,957,452	(34,069)	(1%)
Interest on lease obligation	368,952	378,059	(9,107)	(2%)
Total expenses	3,292,335	3,335,511	(43,176)	(1%)
Changes in Net Position	124,527	(47,919)	172,446	(360%)
Net Position, Beginning	8,642,381	8,690,300	(47,919)	(1%)
Net Position, Ending	$ 8,766,908	$ 8,642,381	$ 124,527	1%

Fund Financial Statements

A fund is a legal and accounting entity with a self – balancing set of accounts to track specific sources of funding and spending. The ECVA, as does other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance – related legal requirements.

Notes to the Financial Statements

The notes provide required disclosure and information necessary to understand the ECVA's activities. A summary of financial activity for the year is shown below.

Governmental Funds

Governmental funds focus on the current inflows and outflows of resources. This information is useful in determining current financial requirements.

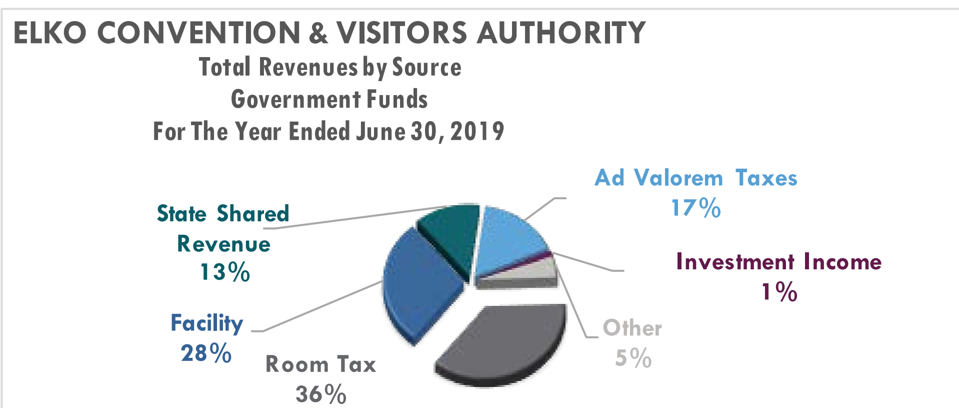
The ECVA maintains four separate funds that make up the governmental fund category. Information is presented separately in the governmental balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances for the four funds considered to be major: General Fund, Marketing and Tourism Promotion Fund, Capital Projects Fund and the Facility Expansion Fund.

A separate budget is prepared annually for each fund reflecting anticipated resources and uses of the collected resources. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the budget.

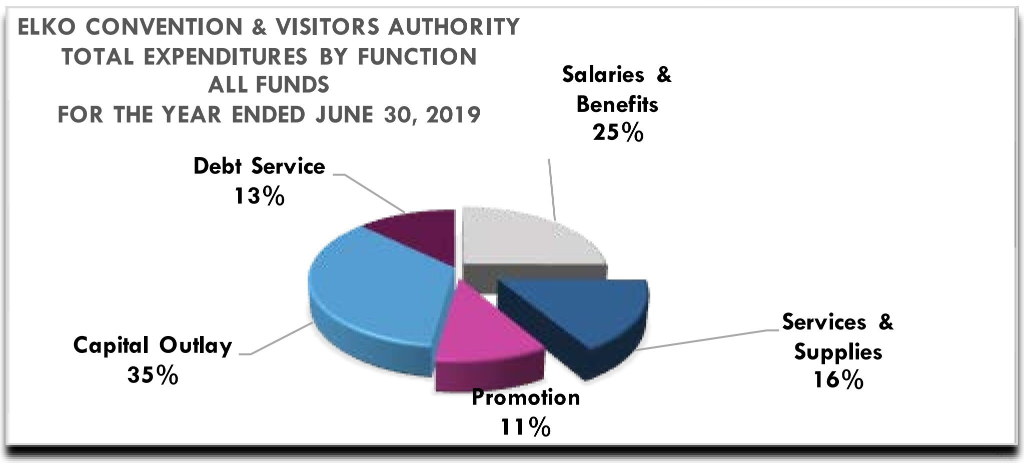
Financial Analysis of the Government's Funds

The focus of the ECVA's governmental funds is to provide information on near – term inflows, outflows and balances of spendable resources. Such information is useful in assessing the ECVA's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As noted earlier the ECVA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Total governmental fund revenues amounted to $3,183,381 for the fiscal year 2018-2019. As illustrated on the following chart, room tax collections are the largest revenue source, followed by facility revenues.



Total governmental fund expenditures were $4,420,489 for the fiscal year 2018-2019, which included $1,459,602 in capital outlay for the HVAC renovation in the Convention Center. As illustrated on the following chart: capital outlay represents the largest expenditure, followed by salaries and benefits.



As of the end of the current fiscal year, ECVA's governmental funds reported a combined ending fund balance of $4,788,917 a decrease from the 2017-2018 fund balance which equaled $6,026,013.

The General Fund is the chief operating fund of the ECVA. At the end of the current fiscal year, the General Fund's total fund balance was $1,595,253 as compared to the 2017-2018 balance of $1,854,438. The General Fund balance decreased due to an increase in general government expenditures from 2017-2018.

The Capital Projects Fund is being used for ongoing renovation and improvement projects related to the facility. The Capital Projects Fund ending fund balance was $1,977,439, a decrease of $947,188 from the 2017-2018 balance of $2,924,627.

The Marketing and Tourism Promotion Fund is used to account for transient lodging (room) tax monies collected by the City of Elko and remitted to the ECVA as well as grant monies received specifically to market the Elko, Nevada area. The Marketing and Tourism Promotion Fund ending fund balance was $1,199,637, an increase of $169,172 from the 2017-2018 balance of $1,030,465.

The Facility Expansion Fund was established in the fiscal year 2007-08 and is funded by excess transient lodging (room) tax receipts collected by the City of Elko. The amount received by the ECVA is the excess tax receipts after fulfillment by the City of Elko of its annual airport debt service requirement. This tax is scheduled to sunset in October 2026. The funds paid to the ECVA are held separately in the Facility Expansion Fund. In conjunction with the Capital Projects Fund, these funds are assigned for expansion of the ECVA facility. During the 2018-19 fiscal year, $200,000 was transferred to the General Fund for lease payments on the Conference Center located at 724 Moren Way. The Authority did not receive the room tax, in the amount of $237,043, for the Facility

Expansion Fund from the City of Elko during the fiscal year or close enough to the end of the fiscal year to be recognized as revenue in the current fiscal year. The amount is recorded a receivable and deferred inflow of resources unavailable revenue – room tax and will be recognized as revenue in the next fiscal year. The Facility Expansion Fund ending balance was $16,588, compared to the 2017-2018 balance of $216,483.

Elko Convention & Visitors Authority's Capital Assets

The ECVA's investment in capital assets as of June 30, 2019, amounts to $12,629,320 (net of accumulated depreciation), of which $42,206, the cost of land and construction in progress, is not being depreciated. This investment in capital assets includes land, building, building and grounds improvements, machinery and equipment. During Fiscal Year 2018-2019 the ECVA purchased computers, laptop, tables and wedding chairs in addition to completing a HVAC unit on the Convention Center. Refer to financial statement Note 4 for additional details.

General Obligation Debt

The Elko Convention & Visitors Authority as of June 30, 2019 had a long term lease obligation in the amount of $7,400,140 for the Conference Center building and $261,574 for Conference Center equipment. Other debts are compensated absences of $43,788 and the net pension liability of $1,327,259. The long-term lease monthly use fees and base fee for the new building began in January 2016, in the amount of $52,317.51 per month for a period of approximately 25 years until March 4, 2041. Refer to Note 6 for additional details.

Trust Monies

Trust monies are collected in advance and held for organizations and individuals utilizing the Elko Convention & Visitors Authority's facilities. These funds are included in the cash balances and offset with a liability because the resources are not available to support ECVA's programs.

Budgetary Highlights

Detailed information can be found in the Supplementary Information section of the financial statements.

- Variations of the General Fund's actual results compared to the budget were noted in the areas of facilities revenues and overall expenditures, in community support revenues were 15% over budget, general government expenditures were 7% below budgeted amounts.
- Budget revisions occurring during the fiscal year included reallocation of budget from contingency to salaries and services and supplies. No budget augmentations were made.
- The General Fund facilities revenues in 2018-19 were higher than the budgeted amount due to community support revenues for the fiscal year being 15% higher than anticipated. Total expenditures were also lower than budgeted by approximately 6%. Mostly attributable to Capital Outlay lower spending at 44% of final budget. Salaries, services, and supplies were under budget by approximately 2%, advertising and promotion expenses were under budget by 31% and benefits were 6% under budget.

Factors to impact the future

The Authority entered into a Facilities Use Agreement in March 2015 with JMF-ECVA 2015, LLC for the purpose of construction of a new facility, the Conference Center, adjacent to the current building. The long-term lease of this building and related equipment began on January 1, 2016. The June 30, 2019 balance of the combined leases was $7,661,714. See Note 6 for additional information.

As the community continues to see growth in the lodging industry, with new properties being added to the existing inventory and rates increasing 5 % from June 2018 to June 2019, the Authority saw room tax revenue increase 5 % over 2017-2018. With the new reporting requirements instituted by the City of Elko and continued efforts to bring travelers to the Elko area, room tax revenues are expected to continue increasing.

Requests for Information

This report has been designed to provide an overview of the Elko Convention & Visitors Authority's financial position. Questions concerning any of the information contained in the document should be addressed to:

Elko Convention & Visitors Authority
Katie Neddenriep or Cheryl Garcia
700 Moren Way
Elko NV 89801
(775) 738-4091

	Governmental Activities
Assets	
Cash and investments	$ 4,718,117
Accounts receivable	17,301
Taxes receivable, delinquent	491,783
Accrued interest receivable	7
Due from other governments	73,352
Prepaid assets	3,817
Capital assets, net of accumulated depreciation	12,587,114
Capital assets not being depreciated	42,206
Total assets	17,933,697
Deferred Outflows of Resources	
Deferred outflows related to pensions	246,632
Liabilities	
Accounts payable	182,945
Accrued salaries and benefits	48,315
Due to other governments	10,692
Trust monies	14,837
Unearned revenue	16,926
Noncurrent liabilities	
Compensated absences due within one year	43,778
Net pension liability	1,327,259
Capital lease obligation, due within one year	206,283
Capital lease obligation, due in more than one year	7,455,431
Total liabilities	9,306,466
Deferred Inflows of Resources	
Deferred inflows related to pensions	104,755
Unavailable revenue related to the land lease	2,200
Total deferred inflows of resources	106,955
Net Position	
Net investment in capital assets	4,967,606
Restricted for	
Marketing	1,198,190
Unrestricted	2,601,112
Total net position	$ 8,766,908

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities				
General government	$ (2,923,383)	$ 899,264	$ 30,668	$ (1,993,451)
Interest on lease obligation	(368,952)	-	-	(368,952)
Total governmental activities	$ (3,292,335)	$ 899,264	$ 30,668	(2,362,403)
General Revenues				
Property taxes				517,665
Room taxes				1,388,691
Combined state sales tax apportionment				391,396
Other local sources				153,426
Unrestricted investment earnings				35,752
Total general revenues				2,486,930
Change in Net Position				124,527
Net Position, Beginning of Year				8,642,381
Net Position, End of Year				$ 8,766,908

	General	Marketing and Tourism Promotion	Capital Projects	Facility Expansion	Total Governmental Funds
Assets					
Cash and investments	$ 1,559,525	$ 1,100,344	$ 2,041,660	$ 16,588	$ 4,718,117
Receivables					
Accounts	17,301	-	-	-	17,301
Taxes	144,961	107,277	2,502	237,043	491,783
Interest	-	-	7	-	7
Due from other governments	65,233	7,500	619	-	73,352
Prepaid expenses	2,370	1,447	-	-	3,817
Total assets	$ 1,789,390	$ 1,216,568	$ 2,044,788	$ 253,631	$ 5,304,377
Liabilities					
Accounts payable	$ 113,736	$ 6,562	$ 62,647	$ -	$ 182,945
Accrued salaries and benefits	48,315	-	-	-	48,315
Trust monies	14,837	-	-	-	14,837
Unearned revenue	11,093	5,833	-	-	16,926
Due to other governments	6,156	4,536	-	-	10,692
Total liabilities	194,137	16,931	62,647	-	273,715
Deferred Inflows of Resources					
Unavailable revenue - delinquent property taxes	-	-	2,502	-	2,502
Unavailable revenue - room taxes	-	-	-	237,043	237,043
Unavailable revenue - land lease	-	-	2,200	-	2,200
Total deferred inflows of resources	-	-	4,702	237,043	241,745
Fund Balances					
Nonspendable, prepaid items	2,370	1,447	-	-	3,817
Restricted for					
Facility expansion	-	-	-	-	-
Marketing	-	1,198,190	-	-	1,198,190
Committed for					
Health insurance claims	52,000	-	-	-	52,000
Future facility expansion	-	-	-	16,588	16,588
Assigned					
Subsequent year budget appropriations	202,121	-	78,804	-	280,925
Assigned for capital projects	-	-	1,898,635	-	1,898,635
Unassigned	1,338,762	-	-	-	1,338,762
Total fund balances	1,595,253	1,199,637	1,977,439	16,588	4,788,917
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,789,390	$ 1,216,568	$ 2,044,788	$ 253,631	$ 5,304,377

Total fund balances - total governmental funds		$ 4,788,917
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of the related depreciation are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the statement of net position:		
Capital assets	19,449,049	
Less accumulated depreciation	(6,861,935)	
		12,587,114
Capital assets, not being depreciated		42,206
Deferred inflows of resources represent amounts that are not available to fund current expenditures, and therefore, are not reported as revenues in the governmental funds.		239,545
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital lease obligation	(7,661,714)	
Compensated absences	(43,778)	
Net pension liability	(1,327,259)	
		(9,032,751)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	246,632	
Deferred inflows of resources related to pensions	(104,755)	
		141,877
Total net position, governmental activities		$ 8,766,908

	General	Marketing and Tourism Promotion	Capital Projects	Facility Expansion	Total Governmental Funds
Revenues					
Taxes	$ 662,803	$ 488,845	$ 521,227	$ -	$ 1,672,875
Intergovernmental revenues	391,396	30,668	-	-	422,064
Miscellaneous	1,062,799	3,617	21,921	105	1,088,442
Total revenues	2,116,998	523,130	543,148	105	3,183,381
Expenditures					
Current					
General government	1,954,863	353,958	1,962	-	2,310,783
Capital outlay	55,646	-	1,488,374	-	1,544,020
Debt service					
Principal	196,734	-	-	-	196,734
Interest	368,952	-	-	-	368,952
Total expenditures	2,576,195	353,958	1,490,336	-	4,420,489
Excess (Deficiency) of Revenues Over Expenditures	(459,197)	169,172	(947,188)	105	(1,237,108)
Other Financing Sources (Uses)					
Sale of capital assets	12	-	-	-	12
Transfers in	200,000	-	-	-	200,000
Transfers out	-	-	-	(200,000)	(200,000)
Total other financing sources (uses)	200,012	-	-	(200,000)	12
Net Change in Fund Balance	(259,185)	169,172	(947,188)	(199,895)	(1,237,096)
Fund Balances, Beginning of Year	1,854,438	1,030,465	2,924,627	216,483	6,026,013
Fund Balances, End of Year	$ 1,595,253	$ 1,199,637	$ 1,977,439	$ 16,588	$ 4,788,917

Net change in fund balances - total governmental funds		$ (1,237,096)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:		
Capital outlay to purchase capital assets	1,543,801	
Current depreciation expense	(610,398)	933,403
Property taxes and room taxes that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activities:		
Current period	239,545	
Prior period	(6,064)	233,481
Long-term liabilities are not due and payable in the current period, therefore they are not reported in the fund statements:		
Capital lease obligation - principal payments	196,734	
Current year change in compensated absences	17,806	
		214,540
Governmental funds report PERS contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense:		
PERS contributions	85,239	
Pension expense	(105,040)	
		(19,801)
Change in net position of governmental activities		$ 124,527

	Budgeted Amounts			Final Budget
	Original	Final	Actual	Variance
Revenues				
Room taxes	$ 627,678	$ 627,678	$ 662,803	$ 35,125
Intergovernmental revenues	391,396	391,396	391,396	-
Miscellaneous	1,061,950	1,061,950	1,062,799	849
Total revenues	2,081,024	2,081,024	2,116,998	35,974
Expenditures				
Current				
General government	1,986,121	2,061,121	1,954,863	106,258
Capital outlay	100,000	100,000	55,646	44,354
Debt service				
Principal	196,735	196,735	196,734	1
Interest	368,953	368,953	368,952	1
Total expenditures	2,651,809	2,726,809	2,576,195	150,614
Excess (Deficiency) of Revenues Over Expenditures	(570,785)	(645,785)	(459,197)	186,588
Other Financing Sources (Uses)				
Sale of capital assets	2,000	2,000	12	(1,988)
Contingency	(75,000)	-	-	-
Transfer in	550,000	550,000	200,000	(350,000)
Total other financing sources (uses)	477,000	552,000	200,012	(351,988)
Net Change in Fund Balance	(93,785)	(93,785)	(259,185)	(165,400)
Fund Balances, Beginning of Year	1,844,240	1,844,240	1,854,438	10,198
Fund Balances, End of Year	$ 1,750,455	$ 1,750,455	$ 1,595,253	$ (155,202)

	Budgeted Amounts			Final Budget
	Original	Final	Actual	Variance
Revenues				
Room taxes	$ 462,500	$ 462,500	$ 488,845	$ 26,345
Intergovernmental revenues	35,000	35,000	30,668	(4,332)
Miscellaneous	800	800	3,617	2,817
Total revenues	498,300	498,300	523,130	24,830
Expenditures				
Current				
General government	611,500	611,500	353,958	257,542
Excess (Deficiency) of Revenues Over Expenditures	(113,200)	(113,200)	169,172	282,372
Other Financing Sources (Uses)				
Contingency	(15,000)	(15,000)	-	15,000
Net Change in Fund Balance	(128,200)	(128,200)	169,172	297,372
Fund Balances, Beginning of Year	979,598	979,598	1,030,465	50,867
Fund Balances, End of Year	$ 851,398	$ 851,398	$ 1,199,637	$ 348,239

Note 1 - Summary of Significant Accounting Policies

The Elko Convention & Visitors Authority, (the Authority), was originally created by Chapter 227, Statutes of Nevada in 1975, as Elko City – County Civic Auditorium Authority. The Authority is governed by a five-member Board of Governors (the Board) comprised of: one current member of the City of Elko Board of Supervisors, one current member of Elko County Board of County Commissioners, two members elected at large residing within the boundaries of the City of Elko and the Authority, and one member elected at large residing outside the City of Elko but within the boundaries of the Authority.

Reporting Entity

The accompanying financial statements include all the activities that comprise the financial reporting entity of the Authority. The Board is legally separate and fiscally independent of other governing bodies, therefore the Authority is a primary government and is not reported as a component unit by another governmental unit. The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial principles.

Government-wide and Fund Financial Statements

The basic financial statements consist of government–wide statements and the fund financial statements. The government–wide financial statements include a statement of net position and a statement of activities. The government–wide statements report information on all of the activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, would be reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority does not engage in any business-type activities.

The statement of net position presents the consolidated financial position of the Authority at year end. The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include charges to patrons who use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meet the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as general revenues. Those programs or functions with a net cost not supported by program revenues are generally dependent on general – purpose revenues, such as taxes, to remain operational.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Grant revenues are reported as unearned liabilities if funds have been received prior to meeting such requirements.

When fund balance resources are available for a specific purpose in more than one classification, it is the Authority's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Gross receipts and taxes are considered "measurable" when in the hands of intermediary collecting agents or governments. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days after year-end. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and the payment seems certain. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Authority's financial records are organized on the basis of funds, which are independent fiscal and accounting entities with a separate set of self – balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance – related legal and contractual provisions.

The major revenue sources of the Authority include combined state apportionment revenues, room taxes, ad valorem (property) taxes, facilities usage fees, interest income and various state grants. Ad valorem taxes are reported as deferred inflows of resources in the individual funds if they are not available to finance the activities of the current period.

The Authority reports the following major governmental funds:

- General Fund is the Authority's primary operating fund. It accounts for all financial resources and costs of operations, which are not accounted for in another fund.
- Marketing and Tourism Promotion Fund (Special Revenue) accounts for one and three – quarters percent room tax collected by the City of Elko to be used to market the City through various promotional methods per Elko City Ordinance 4 – 6 – 10(G).
- Capital Projects Fund accounts for property tax revenue earmarked for the construction, acquisition or maintenance of the convention facilities and the purchase of necessary furniture and equipment.
- Facility Expansion Fund (Capital Projects) accounts for revenue received from the City of Elko to be used for expansion of the convention facility per Elko City Ordinance 4 – 6 – 10(H).

Budgets and Budgetary Accounting

Nevada Statutes require special districts to legally adopt budgets for all funds. The budgets are filed as matter of public record with the Elko County Clerk and State of Nevada Department of Taxation. The Authority staff uses the following procedures to establish, modify and control the budgetary data reflected in the financial statements:

1. On or before April 15, the Board submits a tentative budget for the fiscal year commencing the following July 1. The tentative budget includes proposed expenditures and the means of financing them. Budgets for governmental funds are prepared on the modified accrual basis of accounting.
2. Public hearings on the tentative budget are held prior to the adoption of the budget to obtain public comments.
3. On or before 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 a majority vote of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval. The above dates may be adjusted as necessary during legislative years.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year, however formal encumbrance accounting is not utilized. All appropriations lapse at the end of the fiscal year.
5. The appropriated budget amounts may be transferred between functions or contingency accounts if the transfer does not increase the total appropriations for the fiscal year subject to advisement of the Board at the next subsequent meeting and must be recorded in the minutes of the meeting. Budget augmentations and amendments in excess of original budgetary amounts require prior approval of the Board, following a scheduled and noticed public hearing.
6. In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various functions of the individual funds, except for bond repayments, short – term financing repayment and any other long-term contract expressly authorized by law, and certain other items specified in Nevada Revised Statute (NRS) 354.626.
7. The budgeted amounts reflected in the financial statements recognize any budget amendments made during the year in accordance with the above procedures.

Property Taxes

Taxes on real property are levied and the lien attached on July 1 (the levy date) of the year for which the taxes are levied. Taxes are due on the third Monday of August, however, they may be paid in quarterly installments payable on the third Monday of August and the first Mondays in October, January and March. Any tax paid more than ten days late is assessed a penalty. In the event of nonpayment, a tax lien is taken on the first Monday in May, and the Elko County Treasurer is authorized to hold the property for two additional years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer, upon approval of the County Commissioners, obtains a tax deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

The State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of Elko County (i.e., the county, the state, the school district, the Authority, and any other city, town, or special district) to an amount not to exceed $3.64 per $100 of assessed valuation of the property being taxed, except in cases of severe financial emergency as defined by NRS 354.705.

Property tax revenue and the related receivable have been recognized for property tax assessments in the fiscal year for which they were levied, provided that such taxes were collected within 60 days after the Authority's year-end. Taxes receivable not collected within such time period are recorded as deferred inflows of resources at the Authority's year-end. All property taxes are collected by Elko County and remitted to the Authority monthly.

Accounts Receivable

Accounts receivable as stated in the balance sheet are reported net of allowance for uncollectible accounts of $400.

Cash and Investments

Cash includes amounts in demand deposits as well as short – term investments with a maturity date within three months of the date of acquisition. Cash balances from all funds other than the petty cash account are combined, held and invested by the Authority. Investments are reported at fair value based on quoted market prices.

State statutes authorize deposits in any bank, credit union or savings and loan that are federally insured. The Authority may invest in the following securities:

- United States bonds and debentures, bills and notes of the United States Treasury, or obligations of the United States or a corporation sponsored by the government maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Negotiable certificates of deposit from commercial banks, insured credit unions, or insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Certain "AAA" rated money market mutual funds that invest in federal securities.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain bankers' acceptances not to exceed 180 days maturities or 20% of the money available for investment.
- Obligations of state and local governments rated A or higher and exempt from gross income for federal income tax purposes.
- Certain corporate or depository institution commercial paper purchased from a registered broker dealer rated A – 1, P – 1, or better with maturity of no more than 270 days.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government–wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $10,000 for buildings and $1,000 for all other assets and an estimated useful life in excess of one year. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value determined at the date of donation. The Authority has no public domain (infrastructure) capital assets.

Capital assets are being depreciated using the straight – line method over the following estimated useful lives:

Buildings	30 – 40 years
Improvements other than buildings	10 – 40 years
Equipment	3 – 25 years

Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both the government–wide and fund financial statements.

Compensated Absences

Employees may accumulate unused vacation, compensatory time and sick pay benefits within certain limits. Vacation, compensatory, and applicable sick pay time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Remaining amounts of unused vacation, compensatory time and sick pay benefits are not recorded in the fund financial statements but are included in the government–wide financial statements. These benefits are typically paid from the general fund.

Trust Monies

Trust monies are those items collected in advance and held for organizations and individuals utilizing the Authority's facilities.

Long-Term Obligations

The Authority reports long-term debt and other long-term obligations as liabilities at face value in the government–wide financial statements.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position/governmental funds balance sheet may report a separate section for deferred outflows of resources. This separate statement element represents the consumption of net position/fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority reported deferred outflows of resources related to pensions resulting from difference between expected and actual experience, change in assumptions or other inputs, changes in the Authority's proportion and differences between the Authority's contributions and the Authority's proportionate contribution, and the Authority's contributions subsequent to the measurement date of the net pension liability in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This separate statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reflects deferred inflows of resources which are unavailable revenue reported in the governmental fund balance sheet for delinquent property and room taxes and receipt of a prepayment for a land lease by a tenant under the modified accrual basis of accounting. The Authority reported deferred inflows of resources related to pensions resulting from differences between expected and actual experience, the difference between projected and actual earnings on pension plan investments, and changes in the Authority's proportion and differences between the Authority's contributions and the Authority's proportionate contributions in the Statement of Net Position.

Fund Equity or Net Position

In the fund financial statements, governmental funds report five classifications of fund balance. Nonspendable are amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted is the result of constraints placed on assets that are externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Committed are amounts set aside by formal action of the Board. Formal Board action is also required to modify or rescind an established commitment. Assigned is the result of constraints on amounts imposed by the government's intent to be used for specific purposes but are neither restricted nor committed. The Authority has given responsibility for assigning fund balance amounts to the Executive Director and Comptroller in accordance with the Board discussion and direction. Unassigned is the residual classification of fund balance for the general fund. The Board has committed $16,588 of facility expansion fund balance for future expansion projects and $52,000 of general fund balance as a reserve for excess health insurance claims.

In the general fund, the Authority approved a policy to maintain unassigned fund balance of no less than two months of the prior year expenses to ensure sufficient available resources.

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

<u>Net Investment in Capital Assets</u> – This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted – The component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation. The Marketing and Tourism Promotion Fund assets are restricted for promotion of the Elko area.

Unrestricted – The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not reported in Net Investment in Capital Assets and Restricted Net Position.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft 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 from these risks have not exceeded commercial insurance coverage for the past three years.

Use of Estimates

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

Note 2 - Nevada Revised Statutes and Administrative Code

The Authority conformed to all significant statutory and legal constraints on its financial administration during the year with the following possible exception:

Nevada Administrative Code (NAC) 354.750 states that at least once every two years an inventory will be taken of all equipment and other personal property which constitute capital assets. The previous inventory was taken in March 2017. The next inventory was taken in October 2019, which is in excess of two years. This is an apparent violation of NAC 354.750.

Note 3 - Cash and Investments

Nevada Revised Statutes (NRS 355.170) sets forth acceptable investments for Nevada local governments. The Authority has adopted a formal investment policy; however it does not further limit its exposure to certain risks.

Interest Rate Risk- Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. As noted above, the Authority does not have a formal investment policy that specifies minimum acceptable credit ratings further than those listed in state statutes. Negotiable certificates of deposit are unrated with a maturity less than a year.

Custodial Credit Risk- Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. All deposits were collateralized under the Nevada Pooled Collateral Program or insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties.

The items classified as investments are negotiable certificates of deposit purchased in the open market and are reported at fair value.

	Carrying Amount	Bank Balance
Cash Balances		
On hand	$ 200	$ -
Deposits	3,473,282	3,515,670
	$ 3,473,482	$ 3,515,670

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 2 or Level 3 inputs. The Authority has the following fair value measurements as of June 30, 2019:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)
Investment Type		
Negotiable certificates of deposit	$ 1,244,635	$ 1,244,635

Note 4 - Capital Assets

The amounts recorded as capital assets are summarized as follows:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets, being depreciated					
Buildings	$ 15,732,632	$ 1,459,602	$ -	$ 55,022	$ 17,247,256
Improvements other than buildings	715,435	28,772	-	-	744,207
Equipment	1,402,757	55,427	(598)	-	1,457,586
	17,850,824	1,543,801	(598)	55,022	19,449,049
Less accumulated depreciation for					
Buildings	(5,030,957)	(513,958)	-	-	(5,544,915)
Improvements other than buildings	(512,876)	(27,095)	-	-	(539,971)
Equipment	(708,302)	(69,345)	598	-	(777,049)
	(6,252,135)	(610,398)	598	-	(6,861,935)
Total capital assets being depreciated, net	11,598,689	933,403	-	55,022	12,587,114
Capital Assets, Not Being Depreciated					
Land	42,206	-	-	-	42,206
Construction in progress	55,022	-	-	(55,022)	-
Total capital assets not being depreciated	97,228	-	-	(55,022)	42,206
	$ 11,695,917	$ 933,403	$ -	$ -	$ 12,629,320

Depreciation expense was charged to the general government function of the Authority.

Note 5 - Operating Leases

The Authority has entered into a number of operating leases for office equipment and billboard space. The total amount paid under these leases during the current fiscal year was $39,574 The following is a schedule of future minimum rental payments under operating leases as of June 30, 2019:

Year Ended June 30,	Amount
2020	$ 56,282
2021	31,577
	$ 87,859

Note 6 - Long-Term Liabilities

Long-term liabilities as of June 30, 2019 consisted of the following:

	Balance July 1, 2018	Issued or Incurred	Retired or Paid	Balance June 30, 2019	Due Within One Year
Compensated absences	$ 61,584	$ 40,951	$ 58,757	$ 43,778	$ 43,778
Capital lease obligation	7,858,448	-	196,734	7,661,714	206,283
	$ 7,920,032	$ 40,951	$ 255,491	$ 7,705,492	$ 250,061

The Authority was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2019.

Capital Lease

The Authority has entered into a capital lease agreement for the use of the Conference Center building and related equipment.

Leased building and equipment under the capital lease in capital assets at June 30, 2019, include the following:

Buildings	$ 11,000,000
Equipment	282,777
Less: Accumulated depreciation	(1,579,202)
Total	$ 9,703,575

Current year depreciation for leased building and equipment of $451,202 is included in depreciation expense.

As of June 30, 2019, capital lease debt service costs are as follows:

Year Ended June 30,	Amount
2020	$ 565,686
2021	565,686
2022	565,686
2023	565,686
2024	565,686
2025-2029	2,828,431
2030-2034	2,828,431
2034-2039	2,828,431
2040-2041	986,828
Total requirements	12,300,551
Less interest	(4,638,837)
Present value of remaining payments	$ 7,661,714

Note 7 - Defined Benefit Plan

Plan Description

The Authority contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost sharing, multiple employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier of all years of service. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 – .579.

Vesting

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or at 62 with ten years of service, at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Regular members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer – Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in PERS are canceled upon withdrawal of contributions from the member's account. If EPC was selected, the member cannot covert to the Employee/Employer Contribution plan.

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.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Actuarial Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

For the fiscal year ended June 30, 2019, the statutory Employer/Employee matching rate was 14.50% for Regular members. The Employer – pay contribution (EPC) rate for the fiscal year ending June 30, 2019 was 28.00% for Regular members.

The Authority's contributions were $58,167 for the year ended June 30, 2019.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board's adopted policy target asset allocation as of June 30, 2018:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2018, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability

At June 30, 2019, the Authority reported a liability of $1,327,259 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions in the PERS pension plan relative to the total contributions of all participating PERS employers and members. At July 1, 2018, the Authority's proportion was 0.00973 percent, which is a decrease of 0.00033 from its proportion measured as of June 30, 2017 of 0.01006 percent.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the Authority as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 – percentage – point lower (6.50%) or 1 – percentage – point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Authority's proportionate share of net pension liability	$ 2,024,016	$ 1,327,259	$ 748,294

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position and additional information is available in the PERS Comprehensive Annual Financial Report, available on the PERS website (www.nvpers.org).

Actuarial Assumptions

The Authority's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

Mortality rates for healthy members were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement were based on Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. The additional projection of six years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Authority recognized pension expense of $105,040. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 41,579	$ 61,608
Net difference between projected and actual earnings on pension plan investments	-	6,319
Changes in assumptions or other inputs	69,938	-
Changes in the Authority's proportion and differences between the Authority's contributions and the Authority's proportionate contributions	76,948	36,828
Authority contributions subsequent to the measurement date	58,167	-
	$ 246,632	$ 104,755

The $58,167 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined is 6.22 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	$ 46,502
2021	24,213
2022	(7,115)
2023	13,498
2024	6,414
Thereafter	198

Additional Information

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on PERS website at www.nvpers.org under Quick Links – Publications.

Note 8 - Healthcare Plan

The Authority participates in a healthcare plan for current employees sponsored by Elko County, Nevada, Elko County Employee Health Benefits Plan (ECEHBP). The Authority is responsible to pay all premiums required under the plan and also to establish a reserve to assist in payment of health claims, should they exceed the plan reserves, in the amount of $52,000. As of June 30, 2019, the Authority has committed $52,000 of General Fund ending fund balance for this purpose. Authority retirees do not participate in this plan. For more information regarding this plan, contact Elko County in writing at 569 Court Street, Elko, Nevada 89801 or by calling (775) 738 – 5398.

Note 9 - Postemployment Healthcare Plan

The Authority contributes to a single employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP). This plan provides medical and life insurance benefits to eligible retired Authority employees and beneficiaries.

Benefit provisions for PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine – member board of trustees. Authority employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 discontinued the option to join PEBP for Authority employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in their plan. As of June 30, 2019, three Authority retirees were utilizing this benefit.

For PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired Authority employees. The contribution requirements of plan members and the Authority may be amended by the PEBP board. As a participating employer, the Authority is billed for the subsidy on a monthly basis and is legally required to provide for it. For the plan year ended June 30, 2019, the Authority paid subsidies for qualified retirees ranging from $91 to $246 per month. For fiscal year 2019, the Authority contributed $5,930.

The Authority was determined to be a Level 3 governmental entity for GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* reporting requirements. As part of GASB Statement No. 75 requirements, an actuarial study needs to be performed to determine the unfunded actuarial liability, the annual OPEB cost, net OPEB obligation, and other information. The Authority should also provide prior year information for comparison as to funding progress made. The Authority evaluated its potential liability using the Fidelity Municipal Government AA 20 years index rate of 3.62%, readily available actuarial life expectancy tables, and current PEBP premiums to estimate its future liability. The Authority determined the net OPEB obligation required to be recorded on its financial statements was immaterial. Based on this determination, the Authority did not have a formal actuarial study performed. The Authority will evaluate this estimate of liability in each future year and will have the actuarial study performed when it estimates the liability to be recorded would materially misstate the financial statements, if not included. At June 30, 2019, not all information required to be reported by GASB Statement No. 75 is available and therefore is not included in this report.

Note 10 - Commitments

The Authority is obligated under twelve commitments for advertising. The commitments have various payment schedules and amounts. The total amount paid under these commitments during the current fiscal year was $100,447. The total amount committed for the year ending June 30, 2019 is $23,394. No commitment extends beyond June 30, 2020.

Note 11 - Subsequent Events

The Authority awarded a contract in fiscal year 2019-2020 for earthwork along the theater wall in the amount of $30,105.

Required Supplementary Information
June 30, 2019

Elko Convention & Visitors Authority

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Schedule of Authority’s Share of Net Pension Liability
Public Employee’s Retirement System of Nevada (PERS)
Last Ten Fiscal Years*

Fiscal Year Ending	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.00891%	$ 928,237	$ 525,631	176.59%	76.30%
2015	0.00917%	1,051,342	549,949	191.17%	75.13%
2016	0.01000%	1,345,209	610,691	220.28%	72.23%
2017	0.01006%	1,338,575	645,275	207.44%	74.42%
2018	0.00973%	1,327,259	499,441	265.75%	75.24%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Fiscal Year Ending	Statutorily Required Contribution **	Contributions in Relation to the Statutorily Required Contribution**	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 70,806	$ 70,806	$ -	$ 549,949	12.88%
2016	84,754	84,754	-	610,691	13.88%
2017	90,344	90,344	-	645,275	14.00%
2018	63,213	63,213	-	499,441	12.66%
2019	58,166	58,166	-	494,326	11.77%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year tend is compiled, the Authority will present information for those years for which information is available.

** All contributions shown reflect employer-paid contributions only. Member contributions are excluded.

Supplementary Information
June 30, 2019

Elko Convention & Visitors Authority

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2018
Revenues					
Taxes					
Room taxes	$ 627,678	$ 627,678	$ 662,803	$ 35,125	$ 643,783
Intergovernmental revenues					
Combined state apportionment	391,396	391,396	391,396	-	391,396
Miscellaneous					
Facilities revenue	921,750	921,750	899,264	(22,486)	849,611
Interest income	7,000	7,000	10,833	3,833	10,433
Community support	132,200	132,200	151,729	19,529	135,738
Net increase (decrease) in fair value of investments	-	-	626	626	(1,960)
Other	1,000	1,000	347	(653)	2,016
	1,061,950	1,061,950	1,062,799	849	995,838
Total revenues	2,081,024	2,081,024	2,116,998	35,974	2,031,017
Expenditures					
Current					
General government					
Salaries	726,000	736,000	722,978	13,022	678,603
Employee benefits	412,341	412,341	386,970	25,371	376,302
Services and supplies	676,850	741,850	727,592	14,258	652,872
Advertising and promotion	170,930	170,930	117,323	53,607	135,917
Capital outlay	100,000	100,000	55,646	44,354	30,812
	2,086,121	2,161,121	2,010,509	150,612	1,874,506
Debt service					
Principal payment - capital lease	196,735	196,735	196,734	1	187,627
Interest payment - capital lease	368,953	368,953	368,952	1	378,059
	565,688	565,688	565,686	2	565,686
Total expenditures	2,651,809	2,726,809	2,576,195	150,614	2,440,192
Excess (Deficiency) of Revenues Over Expenditures	(570,785)	(645,785)	(459,197)	186,588	(409,175)
Other Financing Sources (Uses)					
Sale of capital assets	2,000	2,000	12	(1,988)	-
Contingency	(75,000)	-	-	-	-
Transfers in	550,000	550,000	200,000	(350,000)	430,000
Total other financing sources (uses)	477,000	552,000	200,012	(351,988)	430,000
Net Change in Fund Balance	(93,785)	(93,785)	(259,185)	(165,400)	20,825
Fund Balances, Beginning of Year	1,844,240	1,844,240	1,854,438	10,198	1,833,613
Fund Balances, End of Year	$ 1,750,455	$ 1,750,455	$ 1,595,253	$ (155,202)	$ 1,854,438

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2018
Revenues					
Taxes					
Room taxes	$ 462,500	$ 462,500	$ 488,845	$ 26,345	$ 476,636
Intergovernmental revenues					
State grant revenue	35,000	35,000	30,668	(4,332)	22,499
Miscellaneous					
Interest income	800	800	2,367	1,567	1,122
Other	-	-	1,250	1,250	-
	800	800	3,617	2,817	1,122
Total revenues	498,300	498,300	523,130	24,830	500,257
Expenditures					
Current					
General government					
Advertising and promotion	531,500	531,500	328,594	202,906	359,253
Grant expenses	80,000	80,000	25,364	54,636	22,499
Total expenditures	611,500	611,500	353,958	257,542	381,752
Excess (Deficiency) of Revenues Over Expenditures	(113,200)	(113,200)	169,172	282,372	118,505
Other Financing Sources (Uses)					
Contingency	(15,000)	(15,000)	-	15,000	-
Net Change in Fund Balance	(128,200)	(128,200)	169,172	297,372	118,505
Fund Balances, Beginning of Year	979,598	979,598	1,030,465	50,867	911,960
Fund Balances, End of Year	$ 851,398	$ 851,398	$ 1,199,637	$ 348,239	$ 1,030,465

	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	2018
Revenues					
Taxes					
Ad valorem taxes	$ 501,094	$ 501,094	$ 521,227	$ 20,133	$ 547,014
Miscellaneous					
Interest income	12,500	12,500	17,107	4,607	14,464
Other	100	100	100	-	100
Net increase (decrease) in fair value of investments	-	-	4,714	4,714	(11,550)
	12,600	12,600	21,921	9,321	3,014
Total revenues	513,694	513,694	543,148	29,454	550,028
Expenditures					
Current					
General Government					
Services and supplies	2,000	2,000	1,962	38	1,764
Capital outlay	1,500,000	1,500,000	1,488,374	11,626	187,140
Total expenditures	1,502,000	1,502,000	1,490,336	11,664	188,904
Excess (Deficiency) of Revenues Over Expenditures	(988,306)	(988,306)	(947,188)	41,118	361,124
Other Financing Sources (Uses)					
Contingency	(15,000)	(15,000)	-	15,000	-
Transfer out	(200,000)	(200,000)	-	200,000	(200,000)
Total other financing sources (uses)	(215,000)	(215,000)	-	215,000	(200,000)
Net Change in Fund Balance	(1,203,306)	(1,203,306)	(947,188)	256,118	161,124
Fund Balances, Beginning of Year	2,771,043	2,771,043	2,924,627	153,584	2,763,503
Fund Balances, End of Year	$ 1,567,737	$ 1,567,737	$1,977,439	$ 409,702	$ 2,924,627

	Budgeted Amounts				
	Original	Final	Actual	Final Budget Variance	2018
Revenues					
Taxes					
Room taxes	$ 203,000	$ 203,000	$ -	$ (203,000)	$ 215,612
Miscellaneous					
Interest income	1,500	1,500	105	(1,395)	1,558
Net increase (decrease) in fair value of investments	-	-	-	-	(194)
	1,500	1,500	105	(1,395)	1,364
Total revenues	204,500	204,500	105	(204,395)	216,976
Expenditures					
Current					
General Government					
Services and supplies	1,500	1,500	-	1,500	349
Excess (Deficiency) of Revenues Over Expenditures	203,000	203,000	105	(202,895)	216,627
Other Financing Sources (Uses)					
Transfer out	(350,000)	(350,000)	(200,000)	150,000	(230,000)
Net Change in Fund Balance	(27,000)	(147,000)	(199,895)	(52,895)	(13,373)
Fund Balances, Beginning of Year	203,303	203,303	216,483	13,180	229,856
Fund Balances, End of Year	$ 176,303	$ 56,303	$ 16,588	$ (39,715)	$ 216,483

Compliance Section
June 30, 2019

Elko Convention & Visitors Authority

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Governors
Elko Convention & Visitors Authority
Elko, Nevada

We have audited, 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, the financial statements of the governmental activities and each major fund of the Elko Convention & Visitors Authority, State of Nevada (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

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

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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses (2019-A) that we consider to be a material weakness.

Compliance and Other Matters

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

Elko Convention & Visitors Authority's Response to Findings

The Authority's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Elko, Nevada
November 25, 2019

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CPAs & BUSINESS ADVISORS

Auditor's Comments

The Board of Governors
Elko Convention & Visitors Authority
Elko, Nevada

In connection with our audit of the financial statements of the governmental activities and each major fund of the Elko Convention & Visitors Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, nothing came to our attention that caused us to believe that Elko Convention & Visitors Authority failed to comply with the specific requirements of Nevada Revised Statutes cited below other then the violations reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance
Compliance with Nevada Revised Statues and the Nevada Administrative Code is contained in Note 2 of the financial statements.

Disposition of Prior Year Statute Violations
There were no statute violations noted in the prior year audit.

Prior Year Recommendations
We noted no material weakness and reported no significant deficiencies in internal controls.

Current Year Recommendations
See items noted in the Schedule of Findings and Responses.

Eide Bailly LLP

Elko, Nevada
November 25, 2019

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2019-A Report Preparation and Audit Adjustments
Material Weakness

Criteria: Management of the Elko Convention & Visitors Authority is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control is a finance staff with adequate resources available to prepare the financial statements in accordance with generally accepted accounting principles. Additionally, a good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition: Based on our audit procedures performed as of June 30, 2019, we proposed the following material audit adjustments to properly state various account balances in order to fairly present the financial statements in accordance with generally accepted accounting principles:

- Room tax receivable and unavailable revenue for room taxes were understated in the Facility Expansion Funds by $237,043, and understated for room tax receivable and room tax revenue in the Governmental Activities in the government-wide statements.
- Management required assistance relating to grant revenues and properly recording unearned revenue for grant funds received in advance.

Cause: Given the daily responsibilities of management, the resources of time and training necessary to prepare the Authority's financial statements in accordance with generally accepted accounting principles are not available. As a result, the Authority has chosen to contract with Eide Bailly LLP to prepare the financial statements. This circumstance is not unusual in an organization of this size, due to time constraints of management and costs associated with compliance of the standards.

Effect: The Authority's financial records required an audit adjustment in order for the financial statements to be in accordance with generally accepted accounting principles. Internally prepared financial information may not be accurate and full disclosure financial statements may not be available as timely as they would be if prepared by the Authority's personnel.

Recommendation: We recommend Management perform a detailed review of all financial statements and fund trial balances throughout the year to ensure that all significant transactions have been appropriately reported. In addition, Management and Those Charged with Governance should annually make the decision to accept the degree of risk associated with this condition because of costs or other considerations.

Management's Response: Management will annually review whether to accept the degree of risk associated with the auditors preparing the Authority's financial statements. In addition, management will perform year end reconciling procedures to ensure accounts are properly stated.