



Reno-Sparks Convention & Visitors Authority

**Popular Annual Financial Report
Fiscal Year Ended June 30, 2019**



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To view this report and other financial information, including the Comprehensive Annual Financial Report, please visit the Financial Information link at
<https://www.rscva.com/impact/finance/>

MESSAGE FROM FINANCE

I am pleased to present the Reno-Sparks Convention & Visitors Authority Popular Annual Financial Report for the fiscal year ended June 30, 2019. This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the Reno-Sparks Convention & Visitors Authority (Authority) as reported in the 2019 Comprehensive Annual Financial Report (CAFR). The CAFR, with accompanying auditor's report for the fiscal year ended June 30, 2019, is an annual report that was prepared in conjunction with the outside auditing firm, Eide Bailly LLP. Responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the Authority.

Unlike the CAFR, the PAFR is not an audited document and does not include details by fund or other disclosures required by GAAP. Therefore, the PAFR is not intended to present a complete financial picture of the Authority in accordance with GAAP. This report is a simplified view of our financials and is a reflection of our effort to keep you informed about how tax dollars are being spent.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-second consecutive year the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

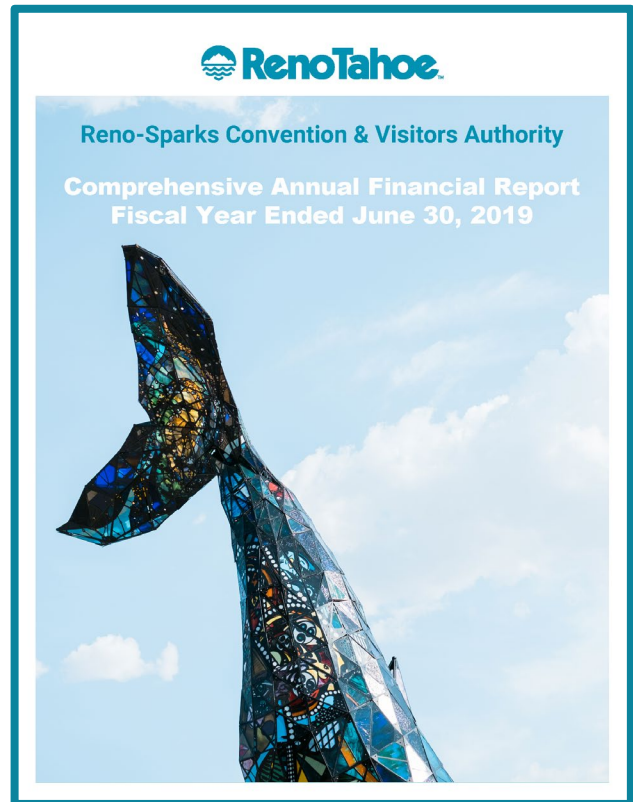
A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

For more in-depth information, the CAFR is available online at www.rscva.com, the PAFR is also available online at the same location.

Sincerely,



Robert Chisel
Director of Finance



REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial activity and condition of the Reno-Sparks Convention & Visitors Authority to all having such an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the RSCVA Finance Department, PO Box 837, Reno, Nevada 89504.

Reno-Sparks Convention & Visitors Authority
Board of Directors as of June 30, 2019



Bob Lucey, Chairman
Washoe County



Ed Lawson, Vice-Chairman
City of Sparks



Hillary Schieve
City of Reno



Nat Carasali
Business Industry



Lee Dillard
Gaming Industry



Rick Murdock
Gaming Industry



Mark Sterbens
Gaming Industry



Bill Wood
Incline Village/Crystal Bay CVB



Ann Silver
Reno + Sparks Chamber of Commerce

Reno-Sparks Convention & Visitors Authority
Executive Staff



Phil DeLone
President and CEO



Jennifer Cunningham
Executive Vice President



Mike Larragueta
Vice President of Sales



Art Jimenez
Executive Director of Tourism



Robert Chisel
Director of Finance



Esther Isaac
Director of Marketing



Sheri Nill
Director of Human Resources

ABOUT THE RENO-SPARKS CONVENTION AND VISITORS AUTHORITY

The Reno-Sparks Convention & Visitors Authority, an independent governmental entity, was established in February 1959 as the Washoe County Fair and Recreation Board. The Authority is the operating instrumentality in the Washoe County area for promoting conventions, tourism, and outdoor recreation. To provide revenue for such purposes, pursuant to the Fair and Recreation Board statutes and related provisions of the Nevada Revised Statutes, a tax on the income from room charges of transient rental facilities is imposed by the state, county, and the incorporated cities of Reno and Sparks.

The Authority consists of a nine-member board comprised of (a) one member of the Board of County Commissioners of Washoe County Nevada; (b) one member of the City Council of the City of Reno, Nevada; (c) one member of the City Council of the City of Sparks, Nevada; and (d) six members appointed by the aforementioned elected officials. The six members set forth are selected from nominations made by gaming, industry associations, Incline Village/Crystal Bay Visitors Bureau, or the Greater Reno-Sparks Chamber of Commerce. Furthermore, these members must be actively engaged in the gaming industry (three members), airline industry (one member), the Incline Village/Crystal Bay Visitors Bureau Board (one member), and general business or commerce (one member). Private sector members serve two-year terms and are limited to a maximum of two consecutive terms. Representatives of the various governmental entities serve until the expiration of their respective terms of office.

BOARD ADOPTED FINANCIAL POLICIES

The Board Financial Policies that were adopted in 2016 in the Strategic Plan and to be funded in order of priority order, are as follows:

- **Capital Reserve Account:** 0.5% of room tax revenues to capital reserve account up to \$1 million.
- **Debt Sinking Fund** 15% of room tax revenues in excess of \$22 million annually.
- **Rainy Day Fund:** 1% of room tax revenues, to build towards a goal of \$1-2 million in General Fund Balance.
- **Annual Capital Funding:** 10% of all room tax collections up to \$2.5 million annually.
- **Air Service Fund:** Dedicate \$.5 million annually to build up to \$1.5 million revolving fund to support new airlift.
- **Discretionary Fund:** When Policies above are fully funded, remaining funds will be brought to the Board for allocation, based on the strategic opportunities articulated in the Strategic Plan.

RENO-SPARKS CONVENTION AND VISITORS AUTHORITY FACILITIES

The Authority owns and operates the Reno-Sparks Convention Center and the Reno-Sparks Livestock Events Center. The Authority also manages the National Bowling Stadium and Reno Events Center which are owned by the City of Reno. By Agreement, ASM Global (ASM) manages and operates the National Bowling Stadium, Reno Events Center, Reno-Sparks Convention Center and Reno-Sparks Livestock Events Center, commencing in June 2018. ASM is responsible for all day to day operations of the Authority facilities.

NATIONAL BOWLING STADIUM

Owned by City of Reno
Managed by ASM
Year Built – 1995
300 covered parking stalls

The National Bowling Stadium, the only facility of its kind in the world, (referred to as the “Taj Mahal of Tenpins” by The Los Angeles Times) is dedicated to the classic sport of bowling.

The National Bowling Stadium is an 88-lane tournament bowling facility situated within downtown Reno. The stadium offers 78 championship lanes and the Stadium Club with a full-service bar, large screen TV, pool table and a spectacular view of the downtown corridor beckon competitors.

Located on the first floor is the Satellite International Bowling Hall of Fame/Museum



showcasing ABC, WIBC and PBA Hall of Fame members and bowling memorabilia from all over the world.

Also, on the first level is the newly constructed Kingpin Club, a ten lane VIP bowling center that can be used for tournaments and rented for corporate/convention parties for up to 125 people.

RENO EVENTS CENTER

Owned by City of Reno
Managed by ASM
Year Built – 2005



The Reno Events Center is owned by the City of Reno and operated by ASM through a contract with the RSCVA. The 118,000 square foot facility opened in January 2005. The Center consists of 56,000 square feet of free span exhibit space (which is utilized for both convention and meeting space, as well as concerts, boxing, indoor football and basketball), 4,954 square feet of dedicated meeting space with nine rooms varying in size from 400 to 850 square feet, two loading docks, six dressing rooms and two event and promoter offices. When utilized for concerts, the Facility can accommodate up to 7,500 patrons.

RENO-SPARKS CONVENTION CENTER

Owned by RSCVA

Managed by ASM

Year Built – 1965

Total Acreage 47.798, Building Acreage 13.95

The Reno-Sparks Convention Center, located south of the downtown area at over 600,000 square feet, offers 381,000 square feet of contiguous exhibit space in five adjoining halls. More than 105,000 square feet of meeting room space in 53 meeting rooms with seating capacities ranging from 125 to 3,000 persons is available for breakout sessions. The facility is on ground level with unlimited floor load capacity. On-site parking capacity totals 1,800 (including 35 disabled) stalls.

The Convention Center also features a 30,000 square foot ballroom. A full range of food service capabilities are available ranging from concession stands, portable food stations and cocktail lounges to catered banquet



arrangements for more formal dining. In addition, the RSCC features 106,000 square feet of public concourse/registration space and improved show load-in/out capabilities, enabling concurrent major events.

RENO-SPARKS LIVESTOCK EVENTS CENTER

Owned by State of Nevada

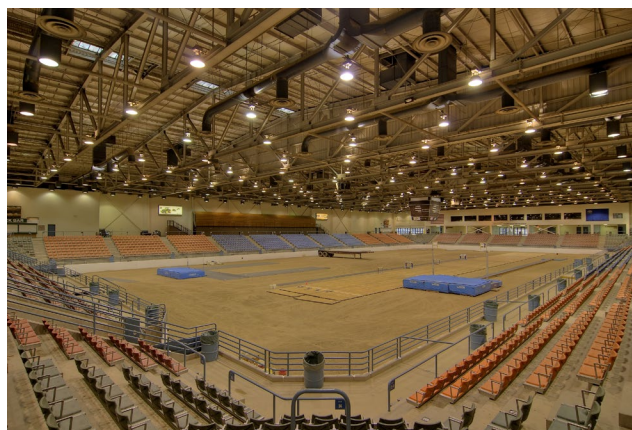
Managed by ASM through 50-year agreement between RSCVA and Washoe County

Year of Management Transfer – 1986

Total Acreage 43

The Reno-Sparks Livestock Events Center (RSLEC) is a large multi-purpose public assembly facility located on the northern edge of downtown Reno. The RSLEC has 19 barns, wash racks for horses, 216 multi-use stalls, 266 exhibitor truck and trailer spaces, 67 full hook-up RV spaces and 22 partial hook-up RV spaces. The indoor Main Arena has seating for 6,200 people, three show offices, VIP Lounge, and a 150'x300' dirt floor arena. The enclosed Livestock Pavilion, connected to the Main Arena

is comprised of a 1,000-seat arena or auction area, a 90'x200' dirt area; an outdoor 100'x200' covered Cutting Arena. The fully-lighted outdoor Rodeo Arena seats 9,500 and the arena dirt floor is 325'x170'.



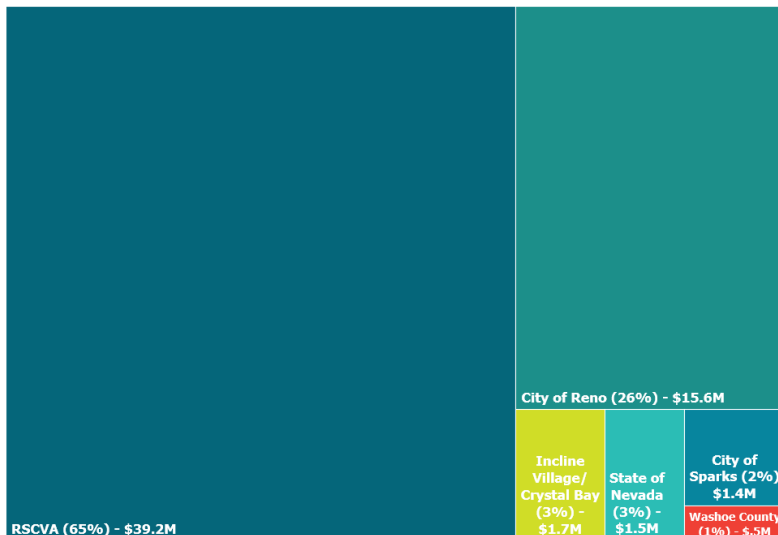
ROOM TAX

The tax rates were last changed as of July 1, 2009, and remain at 13% in non-downtown Reno and, 13.5% in downtown Reno, 13.5% in Sparks, and 13% in the unincorporated areas of Washoe County. The Authority collects these taxes and retains a total of 8 5/8%, with the other taxes distributed to state and local governments in accordance with Nevada Revised Statutes.

Washoe County Transient Lodging Tax Districts and Rates							
Description	Jurisdiction Receiving Funds	Room Tax Rates					
		Reno B	Reno D	Reno E	Sparks	Washoe A	Washoe B
		Reno General	Reno Downtown	Reno Greater Downtown	Sparks	Unincorporated Washoe	Washoe - Lake Tahoe
RSCVA							
RSCVA General Fund	RSCVA	6.625%	6.625%	6.625%	6.625%	6.625%	6.625%
Convention Center-Debt	RSCVA-Debt	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
Total to RSCVA		8.625%	8.625%	8.625%	8.625%	8.625%	8.625%
City of Reno							
National Bowling Stadium-Debt	City of Reno-Debt	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
City/Civic Center	City of Reno-Debt	-	1.500%	1.500%	-	-	-
Reno Parks & Recreation	City of Reno	1.000%	1.000%	-	-	-	-
Reno-Railroad District	City of Reno-Debt	-	1.000%	-	-	-	-
Total to City of Reno		2.000%	4.500%	3.500%	1.000%	1.000%	1.000%
Other							
City/Civic Center	Reno/Sparks/RSCVA	1.000%	-	1.000%	1.000%	1.000%	1.000%
Sparks	City of Sparks	-	-	-	2.500%	-	-
Nevada Commission on Tourism	State of Nevada	0.375%	0.375%	0.375%	0.375%	0.375%	0.375%
State General Fund & School Support	State of Nevada	1.000%	-	-	-	1.000%	1.000%
Washoe County	Washoe County	-	-	-	-	1.000%	1.000%
Total to Other		2.375%	0.375%	1.375%	3.875%	3.375%	3.375%
Total Rate		13.000%	13.500%	13.500%	13.500%	13.000%	13.000%
Room Surcharge-Hotels*							
Capital Projects Surcharge	City of Reno	\$ -	\$ 2.00	\$ -	\$ -	\$ -	\$ -
Tourism Surcharge	RSCVA	\$ 2.00	\$ 1.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ -
Total Surcharge-Hotels		\$ 2.00	\$ 3.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ -
*Surcharge - See Tourism Surcharge							

Nevada Revised Statutes 244A.645, 244.335 (7) and 268.095 (7) permit the county and cities to delegate authority to collect, enforce and administer the Transient Lodging Tax and certain Surcharges to the county fair and recreation board if they so desire. Washoe County, City of Reno, and City of Sparks delegated this authority to the RSCVA to collect the Transient Lodging Tax and certain Surcharges on their behalf. The Transient Lodging Tax, often referred to as Room Tax, is collected by the RSCVA and the rate varies throughout Washoe County.

ROOM TAX DISTRIBUTION



As the chart to the left shows, the RSCVA keeps only 65% of the Room Tax, the remainder goes to other government entities for various programs or debt as identified.

OCCUPIED ROOMS

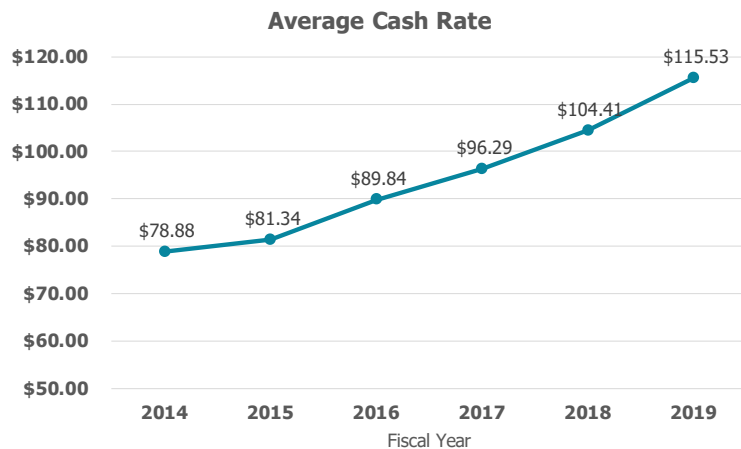
Segment	Amount	Percent
Hotel	3,910,726	67%
Motels	300,685	5%
28 Day Motel	912,087	16%
RV Parks	462,103	8%
Vacation Rentals	179,589	3%
Timeshares	34,719	1%
Homeowner Rentals	14,191	0%
	<u>5,814,100</u>	

Occupied rooms are defined as the number of rooms occupied, through either cash, comp, or exempt. Cash rooms are rooms paid for by the guest, or other. Comp rooms are rooms given free by the property to the guest, and exempt rooms are long term guests that have met the requirement for exemption from transient lodging tax.

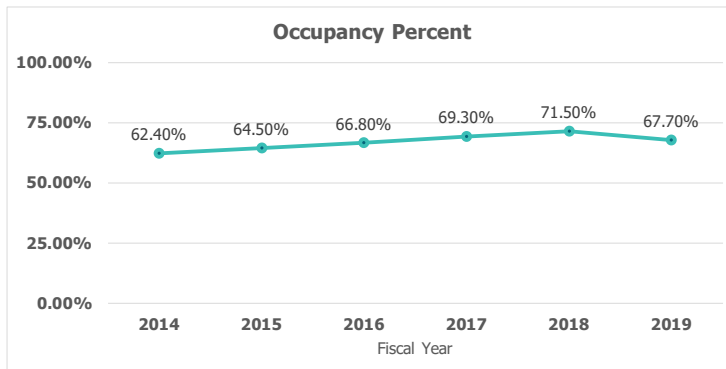
AVERAGE CASH RATE

The Average Cash Rate is the total taxable room revenue divided by the number of taxable room nights as reported in the Transient Lodging Tax return.

The Average Cash Rate has seen an increase of 11% to \$115.53 from \$104.41 in Fiscal Year 2018-19. Since Fiscal Year 2013-14 the rate has increased by over 46%.



OCCUPANCY RATE



The Occupancy Rate is the overall number of rooms occupied (cash, comped, and exempt) divided by the available rooms.

The occupancy rate for Washoe County had a slight decline for the last fiscal year to 67.70% for Fiscal Year 2018-19.

TAXABLE ROOM REVENUE

The Taxable Room Revenue is the total taxable transient lodging revenue reported.

For Fiscal Year 2018-19, the increase was 3.1% to \$401,157,233 from \$389,144,926 in Fiscal Year 2017-18, and has increased 47% since Fiscal Year 2014-15.

Fiscal Year	Total Taxable Room Revenue
FY 2014-15	\$ 272,041,067
FY 2015-16	\$ 317,014,070
FY 2016-17	\$ 347,426,006
FY 2017-18	\$ 389,144,926
FY 2018-19	\$ 401,157,233

FINANCIALS

In order for the RSCVA to manage the finances smoothly, it divides the activities into several different funds.

The **General Fund** accounts for revenues and expenditures that provide for the basic operations of the RSCVA. The **Debt Service Fund** tracks revenues and expenditures related to repayment of long term debt. The **Capital Projects Fund** allocates the expenditures toward construction or major capital expenses. A **Proprietary Fund** is used to account for and allocate internal costs to the various departments of the RSCVA for workers compensation and insurance. Governmental funds focus on the current inflows and outflows of resources. The three separate funds that make up the governmental funds are the General Fund, Debt Service Fund, and Capital Projects Fund. The financial information herein is for the RSCVA's Governmental Funds.

GOVERNMENTAL FUNDS - REVENUES

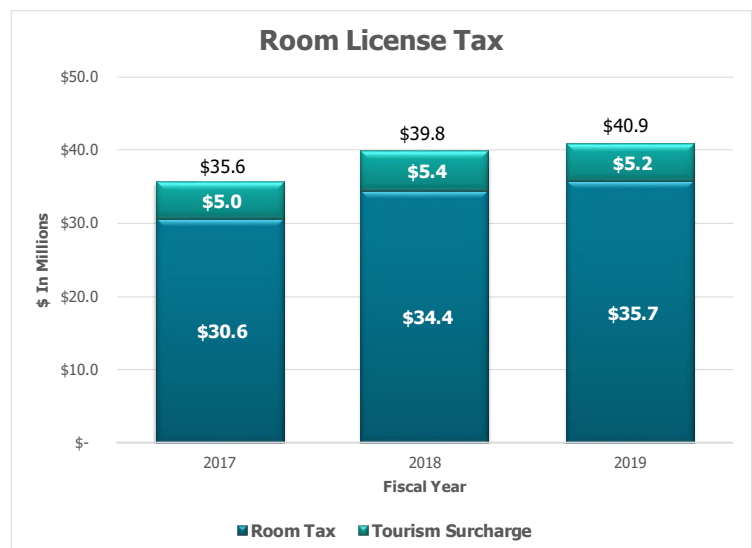


The increase in revenues can be attributed to an overall improvement in the economic conditions of the region, resulting in the average cash rate increase (Average Cash Rate – page 9), and limited occupancy rate decrease (Occupancy Rate – page 9). In addition, in Fiscal Year 2016 there was the implementation of the Tourism Surcharge.

TOURISM SURCHARGE

Pursuant to legislative action, in 2015, a new nightly surcharge (Tourism Surcharge) was added to all hotels (gaming and non-gaming) within a 20-mile radius of downtown Reno at \$2.00 per night and \$1.00 per night on the hotels in the existing Downtown District holding non-restricted gaming licenses.

This is in addition to a \$2 Capital Projects Surcharge in the Downtown District for hotels with an unlimited gaming license that is remitted to the City of Reno.



STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes				
Room license taxes	\$ 40,884,774	\$ -	\$ -	\$ 40,884,774
Miscellaneous				
Facilities revenue	7,907,188	-	-	7,907,188
Convention and visitors service revenue	360,125	-	-	360,125
Golf course operations	1,340	-	-	1,340
Interest on investments	235,112	167,338	29,372	431,822
Other	859,007	-	-	859,007
TOTAL REVENUES	50,247,546	167,338	29,372	50,444,256
EXPENDITURES				
Current				
General government	3,648,825	-	-	3,648,825
Community support	32,275,168	-	-	32,275,168
Debt Service				
Principal	-	5,435,000	-	5,435,000
Interest	-	4,161,794	-	4,161,794
Other bond costs	-	3,513,876	-	3,513,876
Capital outlay	-	-	2,480,818	2,480,818
TOTAL EXPENDITURES	35,923,993	13,110,670	2,480,818	51,515,481
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,323,553	(12,943,332)	(2,451,446)	(1,071,225)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	11,240,002	3,877,000	15,117,002
Transfers to other funds	(15,117,002)	-	-	(15,117,002)
Sale of capital assets	984,673	-	-	984,673
Issuance of refunding bonds	-	68,897,000	-	68,897,000
Payment to refunded debt escrow agent	-	(68,763,165)	-	(68,763,165)
TOTAL OTHER FINANCING SOURCES (USES)	(14,132,329)	11,373,837	3,877,000	1,118,508
NET CHANGE IN FUND BALANCES	191,224	(1,569,495)	1,425,554	47,283
FUND BALANCES, JULY 1	11,770,668	12,726,101	2,710,901	27,207,670
FUND BALANCES, JUNE 30	\$ 11,961,892	\$ 11,156,606	\$ 4,136,455	\$ 27,254,953

At the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$27,254,953, an increase of an increase of \$47,283 compared to the prior year. The unassigned fund balance for the General Fund was \$3,992,778 or 11% of total General Fund expenditures.

GENERAL FUND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>
EXPENDITURES	
General government	
Salaries and wages	\$ 1,426,972
Employee benefits	839,328
Services and supplies	1,271,193
Capital outlay	<u>111,332</u>
Total general government	<u>3,648,825</u>
Community support	
Facility operation	
Salaries and wages	6,250
Employee benefits	1,596
Services and supplies	<u>12,383,771</u>
	<u>12,391,617</u>
Golf course operations	
Employee benefits	2,104
Services and supplies	<u>384,749</u>
	<u>386,853</u>
Convention and tourism promotion	
Salaries and wages	3,070,252
Employee benefits	1,690,161
Services and supplies	<u>13,049,507</u>
	<u>17,809,920</u>
Community grants and miscellaneous	<u>1,686,778</u>
Total community support	<u>32,275,168</u>
TOTAL EXPENDITURES	<u>\$ 35,923,993</u>

The Total Expenditures from the General Fund in Fiscal Year 2018-19 was \$35,923,993, an increase \$1,508,550, primarily a result implementation of the Strategic Plan and changes in the Food and Beverage contract.

CAPITAL ASSETS

The RSCVA's capital assets for its governmental activities as of June 30, 2019, amount to \$55,277,397 (net of accumulated depreciation). These capital assets include water rights, construction in progress, buildings, improvements and furniture and equipment. Current year projects included restroom remodels, LED lighting in the Halls, roof repairs, technology upgrades, painting and carpeting at the Reno-Sparks Convention Center and roof repairs, lighting, and building repairs at the Reno-Sparks Livestock Events Center. The Capital Projects Fund has an assigned fund balance of \$4,136,455 at year end. The ending fund balance is assigned to ongoing approved projects and fluctuates based upon project status.

Reno-Sparks Convention & Visitors Authority's Capital Assets

	Governmental Activities
Water Rights	\$ 3,445,200
Construction in Progress	515,798
Buildings and Improvements	45,442,306
Improvements	3,434,632
Furniture and Equipment	2,439,461
Total	\$ 55,277,397

The Authority's Capital Improvement Plan provides a comprehensive plan to design, construct, maintain, and repair Authority assets and facilities. The size, age and diverse facilities of the Authority require significant consideration to determine the best investments to make. The plan also serves as a financial tool to set aside funds for the wide variety of capital projects as well as a planning tool to ensure capital projects are consistent with the Authority's Strategic Plan. The Plan identified changes and additions, consulted with professionals in the various specialties, and developed a revised Capital Project Plan. The needs of the projects were based on established criteria:

- The ability of the project to meet health, safety and legal concerns and mandates;
- The value of the project to prolong the life of the asset or avoid/minimize future repair costs;
- The benefit the project will provide the Authority in support of the goals articulated in the Strategic Plan; and
- The potential for the project to generate revenue, savings or increase productivity.

LONG TERM DEBT

During Fiscal Year 2018-19, the Authority made payments of \$5,435,000 in principal and \$4,161,794 in interest on its outstanding debt. The 2011 Refunding Bonds had a principal amount of \$1,665,000 defeased. In June 2019, bonds were issued in the amount of \$68,897,000 (the 2019A Series Refunding and 2019B Series Refunding). The bonds were issued for the purposes of refunding a portion of the 2011 Series Refunding Bonds, with interest rates between 3.09% and 3.27%. The chart below summarizes the Authority's outstanding bonds. Additional information regarding the Authority's debt structure is presented in Note D in the Notes to Financial Statements.

The Authority's total debt decreased by \$4,373, 535 during the fiscal year, due to principal payments on existing debt exceeding the accretion on capital appreciation bonds, defeasance of \$1,665,000 of principal and the refunding of bonds.

Reno-Sparks Convention & Visitors Authority's Outstanding General Obligation Debt

Debt Series	Original Issue Amount	Amount Outstanding as of June 30, 2019
RSCC Expansion Bonds (Capital Appreciation)	\$ 19,384,075	\$ 10,522,095
2011 Series Refunding	88,680,000	19,270,000
2019A Series Refunding	20,000,000	20,000,000
2019B Series Refunding	48,897,000	48,897,000
Total	\$ 176,961,075	\$ 98,689,095