



**Reno-Sparks Convention & Visitors Authority**

# **Popular Annual Financial Report**

**Fiscal Year Ended June 30, 2020**



# TABLE OF CONTENTS

Message From Finance.....	2
Board of Directors .....	3
Executive Staff .....	4
About the Reno-Sparks Convention and Visitors Authority .....	5
Board Adopted Financial Policies.....	5
Reno-Sparks Convention and Visitors Authority Facilities .....	5
National Bowling Stadium .....	6
Reno Events Center.....	6
Reno-Sparks Convention Center .....	7
Reno-Sparks Livestock Events Center .....	7
Room Tax .....	8
Occupied Rooms .....	9
Average Cash Rate .....	9
Occupancy Rate .....	9
Taxable Room Revenue .....	9
Financials.....	10
Governmental Funds - Revenues.....	10
Tourism Surcharge.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	11
General Fund Expenditures .....	12
Capital Assets .....	13
Long Term Debt.....	13
Economic Developments.....	14
Requests for Information .....	15

**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

We are pleased to present the Reno-Sparks Convention & Visitors Authority Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020. This PAFR is a summary of the financial activities of the Reno-Sparks Convention & Visitors Authority (Authority) as reported in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. Within the CAFR is the auditor's report for the fiscal year ended June 30, 2020, which was prepared by an external auditing firm. 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 Generally Accepted Accounting Principles (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 reflects our efforts to keep you informed about how tax dollars are being spent.

The Government Finance Officers Association (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, 2019. This was the thirty-third consecutive year the Authority 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](http://www.rscva.com), the PAFR is also available online at the same location.

Sincerely,



Robert Chisel  
Vice President of  
Finance and Operations



Courtney Jaeger, CPA  
Director of Finance



## BOARD OF DIRECTORS



**Hillary Schieve, Chair**  
City of Reno



**Ann Silver, Vice Chair**  
Reno + Sparks Chamber of Commerce



**Andy Chapman**  
Incline Village/Crystal Bay CVB



**Daniel Farahi**  
Gaming Industry



**Shannon Keel**  
Gaming Industry



**Don Kornstein**  
Gaming Industry



**Ed Lawson**  
City of Sparks



**Bob Lucey**  
Washoe County



**Mark Sterbens**  
Gaming Industry



## EXECUTIVE STAFF



**Charles Harris**  
President and CEO



**Jennifer Cunningham**  
Executive Vice President



**Robert Chisel**  
Vice President of Finance and Operations



**Mike Larragueta**  
Vice President of Sales



**Art Jimenez**  
Executive Director of Tourism



**Courtney Jaeger**  
Director of Finance



**Christina Erny**  
Director of Marketing



**Ben McDonald**  
Director of Communications

## ABOUT THE RENO-SPARKS CONVENTION AND VISITORS AUTHORITY

The Reno-Sparks Convention & Visitors Authority (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 following Board Financial Policies were adopted in the 2016 Strategic Plan and are to be funded in the following order of priority:

- **Capital Reserve Account:** 0.5% of room tax revenues to capital reserve account, up to \$1.0 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 \$1.0-\$2.0 million in General Fund Balance.
- **Annual Capital Funding:** 10% of all room tax collections up to \$2.5 million annually.
- **Air Service Fund:** Dedicate \$0.5 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, commencing in June 2018, ASM Global (ASM) manages and operates the National Bowling Stadium, Reno Events Center, Reno-Sparks Convention Center, and Reno-Sparks Livestock Events Center. ASM is responsible for all day to day operations of the Authority facilities.

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## 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.

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## 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

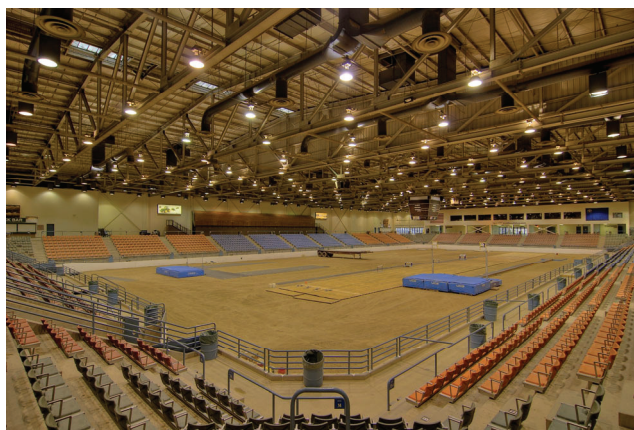
Managed by ASM through 50-year agreement between RSCVA and Washoe County

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 room tax rates were last changed as of July 1, 2009 and remain as follows: 13% in non-downtown Reno, 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 (NRS).

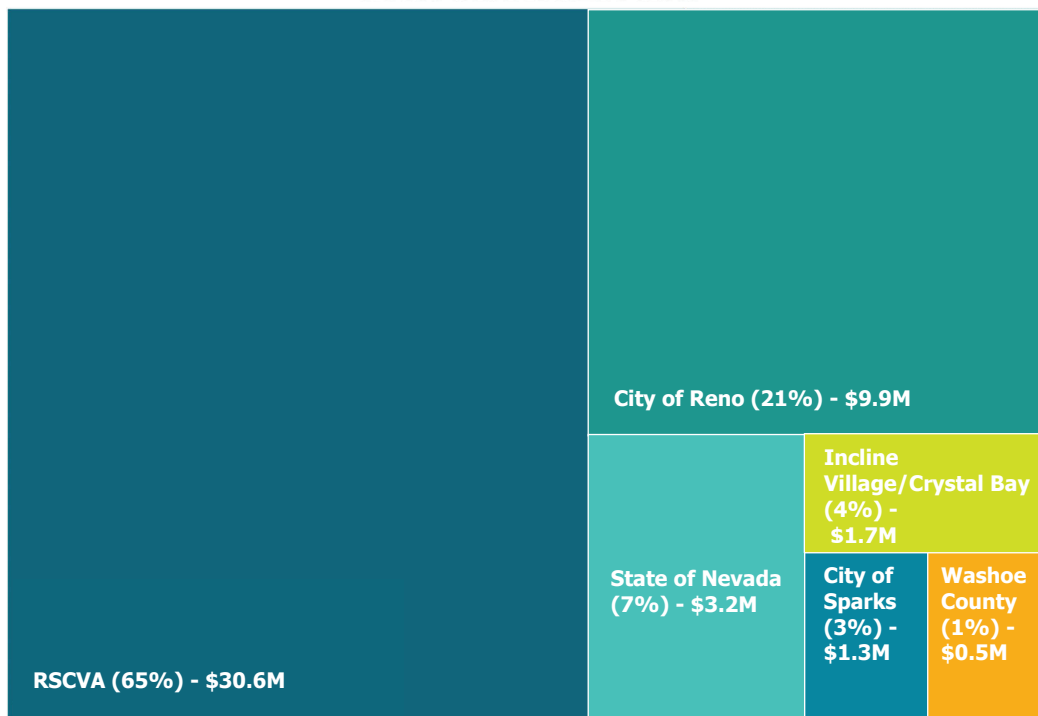
**Washoe County Transient Lodging Tax Districts and Rates**

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	Washoe	Washoe - Lake Tahoe
RSCVA General Fund	RSCVA	6.625%	6.625%	6.625%	6.625%	6.625%	6.625%
Convention Center-Debt	RSCVA	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
National Bowling Stadium-Debt	City of Reno	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
City/Civic Center	City of Reno	-	1.500%	1.500%	-	-	-
Reno Parks & Recreation	City of Reno	1.000%	1.000%	1.000%	-	-	-
Reno-Railroad District	City of Reno	-	1.000%	-	-	-	-
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%
<b>Total Rate</b>		<b>13.000%</b>	<b>13.500%</b>	<b>13.500%</b>	<b>13.500%</b>	<b>13.000%</b>	<b>13.000%</b>
<b>Room Surcharge*</b>							
Capital Projects Surcharge (\$2)	City of Reno	\$ -	\$ 2.00	\$ -	\$ -	\$ -	\$ -
Tourism Surcharge (\$1 to \$2)	RSCVA	\$ 2.00	\$ 1.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

\*Surcharge - See Tourism Surcharge Section.

NRS permits the county and cities to delegate authority to collect, enforce and administer the Transient Lodging Tax and certain Surcharges to the Authority. 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

### ROOM TAX DISTRIBUTION



their behalf. The Transient Lodging Tax, often referred to as Room Tax, is collected by the RSCVA and the rate varies throughout Washoe County.

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

## TAXABLE ROOM REVENUE

Fiscal Year	Total Taxable Room Revenue
-------------	----------------------------

FY 2015-16	\$ 317,014,070
FY 2016-17	\$ 347,426,006
FY 2017-18	\$ 389,144,926
FY 2018-19	\$ 401,157,233
FY 2019-20	\$ 317,970,450

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

For Fiscal Year 2019-2020, taxable room revenue decreased by 21% to compared to Fiscal Year 2018-2019. This decrease, as well as changes in related statistics presented below, is primarily attributable to the impact of the COVID-19 pandemic, discussed further in the "Other Economic Developments" section of MD&A.

## OCCUPIED ROOMS

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.

Segment	Amount	Percent
Hotel	2,997,848	63.4%
Motels	283,088	6.0%
28 Day Motel	840,086	17.8%
RV Parks	378,200	8.0%
Vacation Rentals	190,502	4.0%
Timeshares	28,004	0.6%
Homeowner Rentals	13,955	0.3%
	<u>4,731,683</u>	

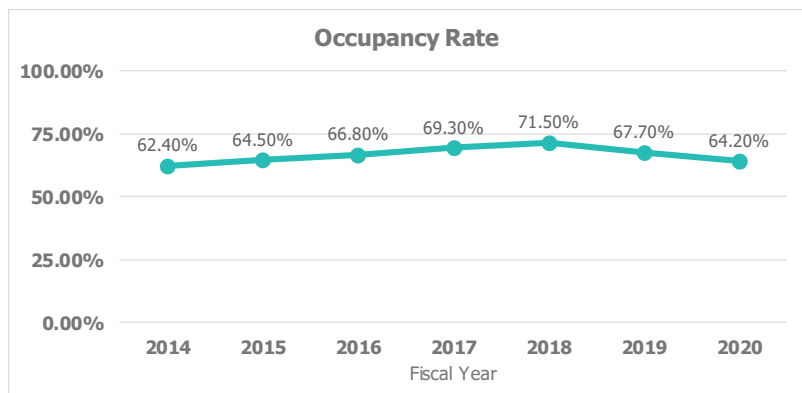
## AVERAGE CASH RATE



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.

## OCCUPANCY RATE

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





## FINANCIAL INFORMATION

To manage finances smoothly, the RSCVA divides 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



### GOVERNMENTAL FUNDS REVENUES

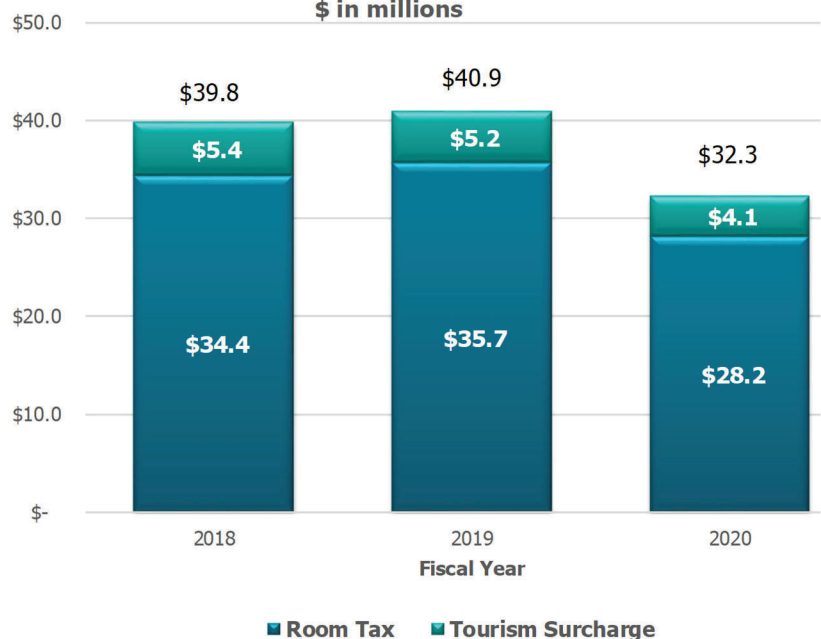
The \$10.3 million decrease in revenues can be primarily attributed to the impact of the COVID-19 pandemic, discussed further in the "Other Economic Developments" section of the PAFR.

## 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.

### Room License Tax \$ in millions



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes				
Room license taxes	\$ 32,297,723	\$ -	\$ -	\$ 32,297,723
Miscellaneous				
Facilities revenue	6,344,497	-	-	6,344,497
Convention and visitors service revenue	309,846	-	-	309,846
Interest on investments	273,564	95,040	38,577	407,181
Other	750,789	-	-	750,789
TOTAL REVENUES	<u>39,976,419</u>	<u>95,040</u>	<u>38,577</u>	<u>40,110,036</u>
EXPENDITURES				
Current				
General government	3,694,211	-	-	3,694,211
Community support	28,034,975	-	-	28,034,975
Debt Service				
Principal	-	5,435,000	-	5,435,000
Interest	-	2,053,099	-	2,053,099
Other bond costs	-	1,915,618	-	1,915,618
Capital outlay	-	-	3,507,113	3,507,113
TOTAL EXPENDITURES	<u>31,729,186</u>	<u>9,403,717</u>	<u>3,507,113</u>	<u>44,640,016</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,247,233</u>	<u>(9,308,677)</u>	<u>(3,468,536)</u>	<u>(4,529,980)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	10,304,306	351,241	10,655,547
Transfers to other funds	(10,655,547)	-	-	(10,655,547)
Sale of capital assets	31,422	-	-	31,422
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,624,125)</u>	<u>10,304,306</u>	<u>351,241</u>	<u>31,422</u>
NET CHANGE IN FUND BALANCES	(2,376,892)	995,629	(3,117,295)	(4,498,558)
FUND BALANCES, JULY 1	<u>11,961,892</u>	<u>11,156,606</u>	<u>4,136,455</u>	<u>27,254,953</u>
FUND BALANCES, JUNE 30	<u>\$ 9,585,000</u>	<u>\$ 12,152,235</u>	<u>\$ 1,019,160</u>	<u>\$ 22,756,395</u>

At the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$22,756,395.

Approximately 11% of this total amount (\$2,406,491) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that is not available for new spending because it has already been committed to other purposes (prepaid expenditures, inventory, debt, strategic plan implementation, claims, and the use of funds in the 2020-21 budget).



## GENERAL FUND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2020

EXPENDITURES	<u>2020</u>
General government	
Salaries and wages	\$ 1,501,705
Employee benefits	744,109
Services and supplies	1,416,738
Capital outlay	<u>31,659</u>
Total general government	<u>3,694,211</u>
Community support	
Facility operation	
Services and supplies	<u>12,927,433</u>
Convention and tourism promotion	
Salaries and wages	3,030,522
Employee benefits	1,648,061
Services and supplies	<u>8,897,551</u>
	<u>13,576,134</u>
Community grants and miscellaneous	<u>1,531,408</u>
Total community support	<u>28,034,975</u>
TOTAL EXPENDITURES	<u>\$ 31,729,186</u>

The Total Expenditures from the General Fund in Fiscal Year were \$31,729,186. Expenditures were below budget by \$4,554,960, primarily due to cost saving measures implemented in the service and supplies areas of convention and tourism promotion, in response to the COVID-19 pandemic.



## CAPITAL ASSETS

The RSCVA's capital assets for its governmental activities as of June 30, 2020, amount to \$54,822,820 (net of accumulated depreciation). These capital assets include water rights, construction in progress, buildings, improvements and furniture and equipment. Significant capital projects during the fiscal year included: Reno-Sparks Convention Center – replacement of the roof, electric panel upgrades, purchase of new furniture, purchase of kitchen equipment, restroom remodels, and a digital sign upgrade; National Bowling Stadium – various remodels; Reno-Sparks Livestock Events Center – demolition of two buildings, creation of a large dirt storage area, new LED interior lighting, and the purchase of a loader. The Capital Projects Fund has an assigned fund balance of \$1,019,160 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 As of June 30, 2020**

	<b>Governmental Activities</b>
Water Rights	\$ 3,445,200
Construction in Progress	62,799
Buildings and Improvements	42,924,789
Improvements	5,312,804
Furniture and Equipment	3,077,228
<b>Total</b>	<b>\$ 54,822,820</b>

The Authority also maintains a Capital Improvement Plan, which consists of 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.

## LONG TERM DEBT

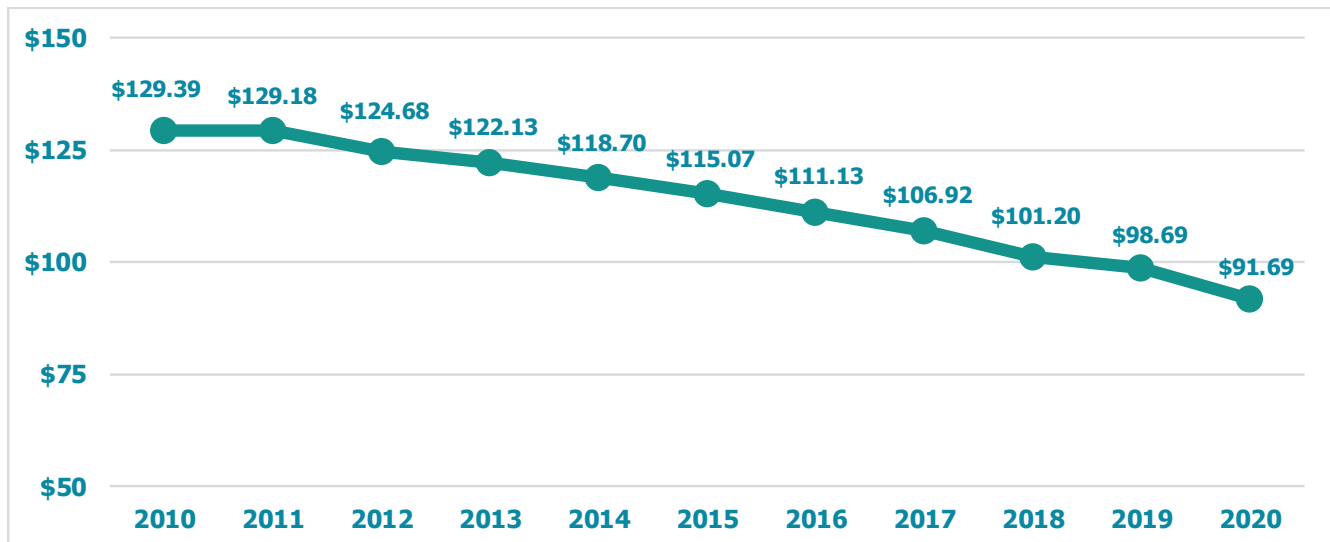
During Fiscal Year 2019-20, the Authority made payments of \$5,435,000 in principal and \$2,053,099 in interest on its outstanding bonds. Additional information regarding the Authority's debt structure and individual debt issuances is presented in Note D in the Notes to Financial Statements section.

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

<b>Debt Series</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding as of June 30, 2020</b>
RSCC Expansion Bonds (Capital Appreciation)	\$ 19,384,075	\$ 5,430,000
2011 Series Refunding	88,680,000	19,270,000
2019A Series Refunding	20,000,000	19,452,000
2019B Series Refunding	48,897,000	47,542,000
<b>Total</b>	<b>\$ 176,961,075</b>	<b>\$ 91,964,000</b>



### Reno-Sparks Convention & Visitors Authority's Outstanding General Obligation Debt From Fiscal Year 2010 to 2020 (\$ in Millions)



## ECONOMIC DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. The outbreak of the disease has affected travel, commerce, and financial markets globally and has widely impacted economic growth worldwide.

On March 17, 2020, the Governor of the State of Nevada (Governor) declared that all non-essential businesses would be closed to help mitigate the spread of COVID-19. During early May 2020, certain non-essential businesses began reopening within the State of Nevada.

On May 27, 2020, the Governor announced that casinos within the State of Nevada could reopen on June 4, 2020. On September 29, 2020, the Governor announced that group gatherings of up to 250 people would be allowable as of October 1, 2020 (group gatherings were previously capped at 50 people). The Governor also announced that trade shows, conferences, and conventions could proceed, with attendance capped at 1,000 people, after submitting a safety plan and receiving approval. On November 24, 2020 the Governor announced that public gatherings were once again limited to 50 people.

As a result of the worldwide need to reduce travel and adhere to social distancing, as well as the temporary closure of all non-essential businesses in the surrounding community, the Authority has been impacted significantly. The Authority's main revenue streams are room license taxes, facilities revenue, and convention and visitors service revenue. Continued closure or limited capacity of various areas will have a significant negative impact on tourism. Management cannot predict or determine the recovery period or the long-term financial effect that the pandemic will have on the Authority's finances. The Authority expects continued decreases in revenues during the upcoming months, compared to the same months in the prior fiscal year. The Authority has implemented proactive cost saving measures to mitigate these potential circumstances.

## 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.

