



Financial Statements  
June 30, 2018

# Eureka County Television District

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## Independent Auditor's Report

To the Honorable Board of Trustees  
Eureka County Television District  
Eureka, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eureka County Television District, State of Nevada (the District), as of and for the year June 30, 2018, and the related notes to the financial statements, which collectively comprise the District'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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Eureka County Television District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General 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 Management's Discussion and Analysis on pages 3 through 8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2018 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



Elko, Nevada  
December 13, 2018

As management of the Eureka County Television District, State of Nevada, we offer readers of the Eureka County Television District's financial statements this narrative overview and analysis of the financial activities of the Eureka County Television District for the fiscal year ended June 30, 2018.

## **FINANCIAL HIGHLIGHTS**

- The governmental activities assets of the Eureka County Television District exceeded its liabilities at June 30, 2018 by \$1,066,131 (net position). Of this amount \$705,259 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2018, the total fund balance for the General Fund was \$705,100.
- Eureka County Television District at June 30, 2018 had no bonded debt.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Eureka County Television District's basic financial statements. Eureka County Television District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Eureka County Television District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Eureka County Television District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Eureka County Television District is improving or deteriorating.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of Eureka County Television District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Eureka County Television District include the general government function.

The government-wide financial statements can be found on pages 9 – 10 of this report.

### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Eureka County Television District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Eureka County Television District has one fund, which is the General Fund.

### **Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Eureka County Television District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements and reconciliations can be found on pages 11 – 16 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 24 of this report.

### **Government-wide Financial Analysis**

As noted earlier, Eureka County Television District's net position may serve over time as a useful indicator of a government's financial position. In the case of Eureka County Television District, assets exceeded liabilities by \$1,066,131 at the close of the most recent fiscal year.

A large portion of Eureka County Television District's net position reflects its investment in capital assets (e.g., improvements, buildings, machinery, and equipment). There is no outstanding related debt used to acquire those assets. Eureka County Television District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The following table provides a summary of Eureka County Television District's net position at June 30, 2018:

**Eureka County Television District's Net Position**

	2018	2017
Current and Other Assets	\$ 753,906	\$ 666,287
Capital assets	360,872	341,151
Total assets	1,114,778	1,007,438
Deferred outflows of resources		
Pensions	-	2,493
Current and Other Liabilities	48,647	19,869
Deferred inflows of resources		
Pensions	-	4,038
Net position		
Investment in capital assets	360,872	341,151
Restricted	705,259	644,873
Total net position	\$ 1,066,131	\$ 986,024

Eureka County Television District's *unrestricted net position* \$705,259 may be used to meet the government's ongoing obligation to citizens and creditors.

As of June 30, 2018 the District no longer has any employees and is therefore no longer subject to a net pension liability, deferred outflow of resources or deferred inflow of resources related to pensions, as they were in fiscal year 2017.

At the end of the current fiscal year, Eureka County Television District is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

**Governmental activities**

Governmental activities increased Eureka County Television District's net position by \$80,107. Overall District revenues increased \$50,519 during fiscal year 2018 compared to fiscal year 2017. This was mainly a result of grants received in the current year for capital projects.

**Eureka County Television District's Changes in Net Position**

	2018	2017
Revenues		
Program revenues		
Operating grants and contributions	\$ 7,271	\$ -
Capital grants and contributions	43,778	-
General revenues		
Taxes	98,038	105,109
Intergovernmental	55,078	65,258
Other	27,325	10,604
Total revenues	231,490	180,971
Expenses		
General government	151,383	186,148
Change in Net Position	80,107	(5,177)
Net Position, Beginning of Year,	986,024	991,201
Net Position, End of Year	\$ 1,066,131	\$ 986,024

## **Financial Analysis of the Government's Funds**

### **Major Governmental Fund Balance Changes**

The Eureka County Television District General Fund ending fund balance increased to \$705,100 in Fiscal Year 2018 compared to \$660,063 at the end of fiscal year 2017. This is mainly due to an increase in rents received and a grant from T-Mobile for a capital project on Prospect Mountain.

### **Budgetary Highlights - Fiscal Year Ended June 30, 2018**

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2018. The budget statements were prepared from the final budget as filed with the Nevada Department of Taxation. Budget revenues and expenditures were adjusted for grants received in excess of original amounts budgeted and increased opening fund balances.

### **Significant Budgetary Variances Between the Final Amended Budget and Actual Results**

#### **General Fund**

##### **Revenues**

In the General Fund, there was an increase in revenues overall. Revenues exceeded the budget by \$79,495. The General Fund revenues were \$231,432 and the budgeted total was \$151,937. The increase can mainly be attributed to additional rents and grants received. Interest earnings were \$6,441 more than budgeted due to higher interest rates and higher yielding investments.

##### **Expenditures**

Actual expenditures were \$186,395, which was \$505 less than the budget appropriations for the year.

Overall, the total ending fund balance was \$705,100, which is \$88,188 more than budgeted. The entire ending fund balance totaling \$705,100 was restricted for District operations.

##### **Capital Assets**

Eureka County Television District's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$360,872 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, machinery and equipment. Eureka County Television District's investment in capital assets fiscal year 2018 increased \$19,721.

The increases were primarily due to additions totaling \$59,038. Major additions in the current year included a project on Prospect Mountain to accommodate T-Mobile services to be placed on the tower.

Additional information regarding capital assets can be found at Note 3 on page 23.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Eureka County as of June 30, 2018 was 2.8 percent, which is the same rate from one year ago. The State of Nevada average unemployment rate of 4.7 percent exceeds the national average rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.
- Eureka County anticipates a new mining company which will benefit the local economy regarding housing, hotels and services. This is anticipated in Fiscal Year 2019.

All of these factors were considered in preparing Eureka County Television District's budget for the 2019 fiscal year.

Eureka County Television District has appropriated \$209,200 for General Fund spending in the 2019 fiscal year budget.

### **Requests for Information**

This financial report is designed to provide a general overview of Eureka County Television District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Eureka Comptroller, P.O. Box 852, Eureka, Nevada 89316, Telephone Number 775-237-6128, E-mail [mgarner@eurekacountynv.gov](mailto:mgarner@eurekacountynv.gov) or [ktodd@eurekacountynv.gov](mailto:ktodd@eurekacountynv.gov).

Eureka County Television District  
Statement of Net Position  
June 30, 2018

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	Governmental Activities
Assets	
Current Assets	
Cash and investments	\$ 734,521
Accounts receivable	428
Due from other governments	16,451
Taxes receivable, delinquent	174
Accrued interest receivable	2,332
Capital assets, net of accumulated depreciation	360,872
Total assets	1,114,778
Liabilities	
Current Liabilities	
Accounts payable	19,475
Unearned revenue - grants	29,172
Total current liabilities	48,647
Net Position	
Investment in capital assets	360,872
Net position - restricted	705,259
Total net position	\$ 1,066,131

Eureka County Television District  
Statement of Activities  
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 151,383	\$ 7,271	\$ 43,778	\$ (100,334)
General revenues				
Property Taxes				98,038
Various state collected pass-through revenues not restricted to specific programs				55,078
Interest and investment earnings				3,112
Miscellaneous revenue				24,213
Total general revenues				180,441
Change in Net Position				80,107
Net Position, Beginning of Year				986,024
Net Position, End of Year				\$ 1,066,131

Eureka County Television District  
Balance Sheet – Governmental Fund  
June 30, 2018

	General Fund
<b>Assets</b>	
Cash and investments	\$ 734,521
Accounts receivable	428
Due from other governments	16,451
Taxes receivable, delinquent	174
Accrued interest receivable	2,332
Total assets	\$ 753,906
<b>Liabilities</b>	
Accounts payable	\$ 19,475
Unearned revenue - grants	29,172
Total liabilities	48,647
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - delinquent property taxes	159
<b>Fund Balances</b>	
Restricted	705,100
Total liabilities, deferred inflows of resources and fund balances	\$ 753,906

Eureka County Television District  
 Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position  
 June 30, 2018

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance, governmental funds	\$	705,100
<p>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.</p>		
Capital assets	\$	2,388,504
Less accumulated depreciation		<u>(2,027,632)</u>
		360,872
<p>Deferred inflows of resources for delinquent property taxes represent amounts that are not yet available to fund current expenditures and, therefore, are deferred in the governmental funds balance sheet.</p>		
		<u>159</u>
Net position of governmental activities	\$	<u><u>1,066,131</u></u>

Eureka County Television District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund  
Year Ended June 30, 2018

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	General Fund
Revenues	
Taxes	\$ 97,980
Intergovernmental revenues	62,349
Miscellaneous	71,103
Total revenues	231,432
Expenditures	
General government	186,395
Excess of revenues over expenditures	45,037
Fund Balances, Beginning of Year	660,063
Fund Balances, End of Year	\$ 705,100

Eureka County Television District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of the Governmental Fund to the Statement of Activities  
 Year Ended June 30, 2018

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Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances, Governmental Funds	\$	45,037
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities.</p>		
Capital outlay to purchase capital assets	\$	59,038
Current depreciation expense		<u>(39,317)</u>
		19,721
<p>Property taxes and interest revenues 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.</p>		
Current year change in unavailable property taxes revenue		58
<p>The liability for other postemployment benefits is not recorded in the governmental funds, but it is reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.</p>		
Other postemployment benefits expense		(1,774)
<p>Governmental funds report District PERS contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense:</p>		
District pension expense		<u>17,065</u>
Change in Net Position of Governmental Activities	\$	<u><u>80,107</u></u>

Eureka County Television District  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Ad valorem taxes				
Secured-real property	\$ 65,722	\$ 56,520	\$ 59,781	\$ 3,261
State unitary tax	-	1,500	3,119	1,619
Personal property roll	-	7,702	4,230	(3,472)
Net proceeds of mines	20,938	20,938	30,850	9,912
	<u>86,660</u>	<u>86,660</u>	<u>97,980</u>	<u>11,320</u>
Intergovernmental Revenues				
State shared revenue				
Consolidated tax	55,077	55,077	55,078	1
Intergovernmental grants	1,000	1,000	7,271	6,271
	<u>56,077</u>	<u>56,077</u>	<u>62,349</u>	<u>6,272</u>
Miscellaneous				
T- Mobile grant for capital project	-	-	43,778	43,778
Rents and royalties	-	-	22,427	22,427
Refunds	6,000	6,000	1,786	(4,214)
Interest earned	2,500	2,500	8,941	6,441
Net realized gain (loss)	500	500	195	(305)
Net increase (decrease) in fair value of investments	200	200	(6,024)	(6,224)
	<u>9,200</u>	<u>9,200</u>	<u>71,103</u>	<u>61,903</u>
Total revenues	<u>151,937</u>	<u>151,937</u>	<u>231,432</u>	<u>79,495</u>

Eureka County Television District  
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures				
General Government				
Television Administration				
Salaries	8,000	8,000	2,940	5,060
Employee benefits	1,000	1,000	345	655
Services and supplies	55,800	55,800	63,209	(7,409)
Capital outlay	30,000	30,000	-	30,000
	<u>94,800</u>	<u>94,800</u>	<u>66,494</u>	<u>28,306</u>
Tank Hill				
Services and supplies	9,000	9,000	7,808	1,192
Television Mountain				
Services and supplies	4,000	4,000	6,044	(2,044)
Prospect Peak				
Services and supplies	15,100	15,100	31,573	(16,473)
Capital outlay	-	44,000	43,778	222
	<u>15,100</u>	<u>59,100</u>	<u>75,351</u>	<u>(16,251)</u>
Argenta Ridge				
Services and supplies	15,000	15,000	15,438	(438)
Capital outlay	5,000	5,000	15,260	(10,260)
	<u>20,000</u>	<u>20,000</u>	<u>30,698</u>	<u>(10,698)</u>
Total expenditures	<u>142,900</u>	<u>186,900</u>	<u>186,395</u>	<u>505</u>
Net Change in Fund Balances	9,037	(34,963)	45,037	80,000
Fund Balances, Beginning of Year	<u>607,875</u>	<u>651,875</u>	<u>660,063</u>	<u>8,188</u>
Fund Balances, End of Year	<u>\$ 616,912</u>	<u>\$ 616,912</u>	<u>\$ 705,100</u>	<u>\$ 88,188</u>

## **Note 1 - Summary of Significant Accounting Policies**

Eureka County Television District, State of Nevada, (the District) is a local government created and operated under the provisions of Nevada Revised Statutes (NRS) Chapter 318. Eureka County Television District is governed by an elected Board of four members who possess final decision-making authority and is held primarily accountable for those decisions. The District is responsible establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance county system operations and construction. Eureka County provides assistance with day to day operations, budget preparation and accounting functions of the District. The Eureka Commission must also approve and sign the tentative and final budgets along with the District Board of Trustees.

The accounting policies of the District 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 these accounting and financial principles.

The accounting and reporting framework and the more significant accounting policies are as follows:

### **Reporting Entity**

The financial statements included herein present the District. The District has no component units and is a discretely presented component unit of Eureka County.

The Eureka County Television District is a special district providing television broadcast services to Eureka County Television citizens.

### **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 statement of net position presents the financial position of the District at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and 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-purposes revenues, such as taxes, to remain operational. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **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 revenue 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 reflected as unearned revenue if funds have been received prior to meeting such requirements.

*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 sales 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 District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. 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, employment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The major revenue sources of the District include tax revenues, ad valorem (property) taxes, consolidated tax (sales tax), interest income and various capital grants. Ad valorem taxes are reflected as deferred inflows of resources in the individual funds if they are not available to finance the activities of the current period.

The District’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 District reports the following major governmental funds:

- General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources and costs of operations traditionally associated with the District, which are not required to be accounted for in another fund.

### **Budgets and Budgetary Accounting**

Eureka County Television District adheres to the Local Government Budget and Finance Act incorporated in Section 354 of the Nevada Revised Statutes. The District is required to legally adopt budgets for all funds except fiduciary funds. The budgets are filed as a matter of public record with the Clerk of the Board of Eureka County and State Department of Taxation. The District staff uses the following procedures to establish, modify and control the budgetary information that is reflected in these financial statements.

1. On or before April 15, the Eureka County Commission and the District Board file a tentative budget with the Nevada Department of Taxation for all funds for the fiscal year beginning the following July 1. The tentative budget is prepared by fund, function and department and includes proposed expenditures and the means of financing them.
2. Public budget hearings on the tentative budget must be held by the governing body not sooner than the third Monday in May and not later than the last day in May to obtain taxpayer comments.

3. Prior to June 1, the Board/Commission indicates changes, if any, to be made to the tentative budget and adopts a final budget by a majority vote of the Board/Commissioners. 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 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, funds, or contingency accounts if the transfer does not increase the total appropriations for fiscal year amounts subject to advisement of the Board of Trustees 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 Eureka County Commission and the District Board of Trustees, following a scheduled and noticed public hearing.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts reflect budget amendments made during the year in accordance with the above procedures.
7. In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various functions of the individual governmental 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 NRS 354.626.

### **Property Taxes**

All real property in Eureka County, which the District is located in, is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The assessed valuation of the property and its improvements is assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is determined by multiplying the assessed value by the tax rate applicable to the area in which the property is located. In 2005, the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the property tax levied on qualified property. For qualified property, the abatement may limit the increase of property taxes based on the previous year's assessed value.

The maximum tax rate was established in the State Constitution at \$5.00 per hundred dollars of assessed valuation; however, as a result of the 1979 legislative session, the tax rate was further limited to \$3.64 per hundred dollars of assessed valuation unless the electorate approves an additional rate. Legislation passed during the 1981 legislative session provided for a reduction in the property tax rate based upon a legislatively derived formula.

To help offset this loss in property tax revenue, the state sales tax was increased from 3.5% to 5.75% by the State Legislature. The 1991 legislature further increased the minimum sales tax to 6.5%. This increase in sales tax, less .5% of collections to cover administrative costs, is being returned to the local governments as a part of the consolidated tax. The amount of sales tax to be distributed to each governmental entity in Nevada is determined by a formula developed and approved by the State Legislature.

Taxes on real property are levied and the lien on the property attached on July 1 (the levy date) of the year for which the taxes are levied. Taxes are due on the third Monday in August; however, they may be paid in four installments payable on the third Monday in 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, the Eureka County Treasurer records a Trustee's Certificate holding the property for a period of two years after the first Monday in June of the year the certificate is dated, unless sooner redeemed 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 Eureka County Treasurer, obtains a tax deed to the property free of all encumbrances. Upon receipt of a deed, the Eureka County Treasurer may sell the property to satisfy the tax lien once all requirements are met.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and tax rates described above. The major classifications of personal property are commercial, mobile homes, marine, aircraft and agricultural. In Eureka County, taxes on motor vehicles are also collected by the Eureka County Assessor and remitted to the State. The taxes are then returned to the County of origin to be apportioned based on a statutory formula as part of Consolidated Tax Revenue.

Eureka County collects property taxes for all entities with a tax rate within the County and remits the tax collected the month following collection to the appropriate entity.

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 District's year-end. Taxes receivable not collected within such time period are recorded as deferred revenue at the District's year-end in the individual fund financial statements.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand or demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The District's cash and cash equivalents are held by the Eureka County Treasurer in the County's pooled cash accounts.

### **Accounts Receivable**

Accounts receivable as stated in the balance sheet are considered collectible, and accordingly, an allowance for uncollectible accounts is not deemed necessary.

### **Capital Assets**

Capital assets are valued in accordance with policy adopted as detailed below:

1. All assets acquired are recorded at cost.
2. Expenditures over \$500 are capitalized as capital assets.
3. Donated capital assets are valued at their estimated acquisition value on the date donated.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Improvements Other than Buildings	5 - 10 years
Buildings	40 years
Equipment and Vehicles	5 - 10 years

Fund Financial Statements – In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures by the General Fund upon acquisition

**Fund Balance/Net Position**

Government-wide Financial Statements – The government-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted. Investment in capital assets includes capital assets net of depreciation.

Restricted net position consists of unspent grants, donations and funds restricted by statute. Unrestricted net position represents all other available financial resources of the District.

Fund Financial Statements – In the governmental fund financial statements, the following classifications of fund balance are used:

- **Nonspendable** – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.
- **Committed** – Amounts that can only be used for specific purposes. Committed fund balance may only be established, rescinded, or changed pursuant to resolutions passed by the District, the District's highest level of decision making authority.
- **Assigned** – Amounts that the District intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Budget Officer under the authorization of the Board.
- **Unassigned** – Amounts that have not been restricted, committed, or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Trustees have provided otherwise in their commitment or assignment actions.

The District does not have a minimum fund balance policy.

### **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 District does not report any deferred outflows of resources.

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 District reflects deferred inflows of resources which are unavailable revenue reported in the government fund balance sheet for delinquent property taxes under the modified accrual basis of accounting.

### **Pensions**

As of June 30, 2018, the District no longer has any employees, as such, they have not been allocated any portion of a net pension liability, deferred inflows of resources or deferred outflows of resources.

### **Net Proceeds of Mines**

Net proceeds are paid on an annual, calendar year basis. For the year ended June 30, 2018, net proceeds of mines received on actual business from January 1, 2017 through December 31, 2017 are reflected in the financial statements. Net proceeds of mines from January through June 2018 are neither measurable nor available to meet obligations existing at June 30, 2018. Overpayments must be credited toward the payment due the next calendar year, the amount of the remaining overpayment, after being credited to any other tax or fee due from the taxpayer, may be refunded. The overall financial impact to the District of future additional amounts due or future credits is not determinable at June 30, 2018 and are not reflected in these financial statements.

### **Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries of employees; and natural disasters, as are all entities. The District has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Inter-local Cooperation Act. The Nevada Public Agency Insurance Pool (POOL) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District pays an annual premium and specific deductibles, as necessary to POOL for its general insurance coverage. POOL is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$13,000,000 general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown, and money and securities.

The District has also joined together with similar public agencies, under the Nevada Inter-local Cooperation Act, to create an intergovernmental self-insured association for workers compensation insurance, the Public Agency Compensation Trust (PACT).

The District pays premiums based on payroll costs to PACT. PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 2 - Cash**

A summary schedule of cash for the District at June 30, 2018 is as follows:

Balances Classified by Depository and Category

Deposits

Cash held in Eureka County pooled cash	\$ 734,521
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*Custodial Credit Risk* – the risk that in the event of bank failure, the District’s deposits may not be returned. The District’s bank deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

**Note 3 - Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Transfers	Deletions	Balance June 30, 2018
Governmental Activities					
Capital Assets, Not Being Depreciated					
Construction in progress	\$ 11,626	\$ -	\$ (11,626)	\$ -	\$ -
Capital Assets, Being Depreciated					
Improvements other than					
buildings	39,339	15,260	-	-	54,599
Buildings and improvements	324,539	-	-	-	324,539
Equipment and vehicles	1,953,962	43,778	11,626	-	2,009,366
Total capital assets, being depreciated	2,317,840	59,038	11,626	-	2,388,504
Less Accumulated Depreciation	1,988,315	39,317	-	-	2,027,632
Total capital assets, being depreciated, net	329,525	19,721	11,626	-	360,872
Total Governmental Activities Capital Assets, net	\$ 341,151	\$ 19,721	\$ -	\$ -	\$ 360,872

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
General government	\$ 39,317

**Note 4 - Rents and Royalties Revenues**

During the year ended June 30, 2013, the District established a lease with the White Pine Television District to allow the use of the communication tower and/or equipment shelter at the Prospect Peak site. This lease has a 5-year extension option, which was exercised in the year ended June 30, 2018. Under the terms of this lease, monthly payments of \$100 are made to the Eureka County Television District until April 2023.

During the year ended June 30, 2014, the District established a lease with Mt. Wheeler Power to allow the use of the communication tower and/or equipment shelter at the Prospect Peak site. Under the terms of this lease, monthly payments of \$200 are made to the Eureka County Television District until March 2019. This lease agreement is renewable for an additional 5-years.

During the year ended June 30, 2016, the District established a lease with GRP Pan, LLC and Eureka County to allow the use of the communication tower and/or equipment shelter at the Prospect Peak site. Under the terms of this lease, monthly payments of \$375 are made to the Eureka County Television District until March 2019. This lease agreement is renewable for an additional 5-years.

During the year ended June 30, 2018, the District established a lease with T-Mobile West, LLC to allow the use of the communication tower and/or equipment shelter at the Prospect Peak site. Under the terms of this lease, monthly payments of \$1,500 rent and \$200 for utilities are made to the Eureka County Television District until September 2022. This lease agreement is renewable for additional 5-years terms at 110% of the rental payment of the prior period.

**Note 5 - Subsequent Events**

On August 17, 2018, the Board approved a bid for \$66,635 for channel repacking.

**Note 6 - Compliance with Nevada Revised Statutes and Administrative Code**

The District conformed to all significant statutory and legal constraints on its financial administration during the year.



Compliance Section

Eureka County Television District



**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 Honorable Board of Trustees  
Eureka County Television District, State of Nevada  
Eureka, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Eureka County Television District, State of Nevada (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 13, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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. However, as described in the accompanying Schedule of Findings and Responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the accompanying Schedule of Findings and Responses to be a material weakness (Finding 2018-A).

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

### **Eureka County Television District's Response to Finding**

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



Elko, Nevada  
December 13, 2018



## **Auditor's Comments**

To the Honorable Board of Trustees  
Eureka County Television District  
Eureka, Nevada

In connection with our audit of the financial statements of the governmental activities and each major fund of the Eureka County Television District, State of Nevada (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below. 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 District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

### **Current Year Statute Compliance**

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

### **Progress on Prior Year Statute Compliance**

There were no prior year statute violations.

### **Disposition of Prior Year Recommendations**

Finding 2017-A was reported in the current year as Finding 2018-A.

### **Current Year Audit Recommendations**

See items noted in the Schedule of Findings and Responses.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Elko, Nevada  
December 13, 2018

**2018-A: Report Preparation  
Material Weakness**

*Criteria:* Management of Eureka County Television District, State of Nevada (the District) 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:* During our audit testing, we noted several instances where the trial balance and reconciliations required audit adjustments. The areas that required assistance where relating to the reconciliation of grant revenues and capital assets. Based upon the audit adjustments and the changes in presentation from the District's internally produced financial statements it appears the District staff would be unable to prepare the financial statements in accordance with generally accepted accounting principles without the assistance of Eide Bailly LLP.

*Cause:* Given the daily responsibilities of management, the resources of time and training necessary to prepare the District's financial statements in accordance with generally accepted accounting principles are not available. As a result, the District 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:* Management has recorded the correcting journal entries and updated the financial statements for presentation related matters. Inadequate review to ensure transactions are properly accounted for may result in a material misstatement to the District's financial statements.

*Recommendation:* Management should 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:* We agree with the findings and will implement the proper procedures to ensure this is managed correctly in the future.