



Financial Statements
June 30, 2023

Eureka County Television District

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Independent Auditor's Report

To the Honorable Board of Directors
Eureka County Television District, State of Nevada
Eureka, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Eureka County Television District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 November 29, 2023, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Elko, Nevada
November 29, 2023

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, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the Eureka County Television District's governmental activities exceeded its liabilities at June 30, 2023 by \$1,323,041 (net position). Of this amount \$764,284 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2023, the total fund balance for the General Fund was \$763,686.
- Eureka County Television District at June 30, 2023 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.

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 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 17-25 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 \$1,323,041 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 comparative summary of Eureka County Television District’s net position:

Eureka County Television District’s Net Position

	2023	2022
Current and Other Assets	\$ 767,114	\$ 863,005
Capital Assets	558,757	484,278
Total assets	1,325,871	1,347,283
Current Liabilities	2,830	60,598
Net Position		
Investment in capital assets	558,757	484,278
Unrestricted	764,284	802,407
Total net position	\$ 1,323,041	\$ 1,286,685

Eureka County Television District’s *unrestricted net position* of \$764,284 may be used to meet the government’s ongoing obligation to citizens and creditors.

The District no longer has any benefitted employees and is therefore no longer subject to a net pension liability, deferred outflow of resources or deferred inflow of resources related to pensions. The salaries for the District are a stipend for the Board members.

At the end of the current fiscal year, Eureka County Television District was 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 \$36,356. Overall District revenues increased \$34,823 during fiscal year 2023 compared to fiscal year 2022. This was mainly a result of an increase in investment earnings, refunds, interest, property taxes and rent space on the mountain top repeater sites.

The following table provides a comparative summary of Eureka County Television District’s changes in net position:

Eureka County Television District’s Changes in Net Position

	2023	2022
Revenues		
General revenues		
Taxes	\$ 136,183	\$ 142,769
Intergovernmental	55,078	55,078
Other	46,314	4,905
Total revenues	237,575	202,752
Expenses		
General government	201,219	196,178
Change in Net Position	36,356	6,574
Net Position, Beginning of Year	1,286,685	1,280,111
Net Position, End of Year	\$ 1,323,041	\$ 1,286,685

Financial Analysis of the Government’s Funds

Major Governmental Fund Balance Changes

The Eureka County Television District General Fund ending fund balance decreased to \$763,686 in fiscal year 2023 compared to \$801,666 at the end of fiscal year 2022. This is mainly due to an increase in expenses.

Budgetary Highlights - Fiscal Year Ended June 30, 2023

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2023. The budget statements were prepared from the final budget as filed with the Nevada Department of Taxation.

Significant Budgetary Variances Between the Final Budget and Actual Results

General Fund

Revenues

In the General Fund, there was an increase in revenues overall. Revenues were greater than budgeted by \$15,120. The General Fund revenues were \$237,718 and the budgeted total was \$222,598. The increase can mainly be attributed to increased rents, interest earnings and a decreased loss on investments. Rents were \$13,740 more than budgeted, interest earnings were \$8,072 more than budgeted, and the net increase in fair value of investments were \$1,229 less than budget due to lower interest rates and higher yielding investments.

Expenditures and Fund Balance

Actual expenditures were \$275,698, which was \$105,702 less than the budget appropriations for the year.

Overall, the total ending fund balance was \$763,686, which is \$38,318 more than budgeted. A portion of the ending fund balance was assigned for subsequent year operations per the fiscal year 2023-2024 budget totaling \$104,692 and the remainder of \$658,994 was unrestricted for District operations.

Capital Assets

Eureka County Television District's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$558,757 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, machinery and equipment. Eureka County Television District's net change in investment in capital assets for fiscal year 2023 was increased by \$74,479. Current year major additions included \$133,475 in transmitters for the Argenta Ridge site.

Additional information regarding capital assets can be found at Note 3 on page 24.

Economic Factors and Next Year's Budgets and Rates

- The tax rate assessed will not change in fiscal year 2024 for the District. Revenues and expenditures are expected to be consistent with fiscal year 2023.
- Projects budgeted for the District in fiscal year 2024 include a camera system at Tank Hill, Argenta Ridge and Prospect Peak sites.
- The unemployment rate for Eureka County as of June 30, 2023 was 4.3 percent, which is a higher rate from one year ago. The State of Nevada average unemployment rate of 5.4 percent exceeds the national average rate of 3.6 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Eureka County Television District's budget for the 2024 fiscal year.

Eureka County Television District has appropriated \$316,025 for General Fund spending in the 2024 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 ktodd@eurekacountynev.gov.

Eureka County Television District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 750,759
Accounts receivable	890
Due from other governments	11,736
Taxes receivable, delinquent	1,569
Accrued interest receivable	2,160
	767,114
Noncurrent Assets	
Capital assets, net of accumulated depreciation	558,757
Total assets	1,325,871
Liabilities	
Current Liabilities	
Accounts payable	1,757
Due to other governments	1,073
Total liabilities	2,830
Net Position	
Investment in capital assets	558,757
Unrestricted	764,284
Total net position	\$ 1,323,041

Eureka County Television District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government				
Governmental activities				
General government	\$ 201,219	\$ -	\$ -	\$ (201,219)
	General Revenues			
	Property taxes			136,183
	Various state collected pass-through revenues not restricted to specific programs			55,078
	Interest and investment earnings			10,843
	Miscellaneous revenue			35,471
	Total general revenues			237,575
	Change in Net Position			36,356
	Net Position, Beginning of Year			1,286,685
	Net Position, End of Year			\$ 1,323,041

Eureka County Television District
Balance Sheet – Governmental Fund
June 30, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 750,759
Accounts receivable	890
Due from other governments	11,736
Taxes receivable, delinquent	1,569
Accrued interest receivable	2,160
Total assets	\$ 767,114
Liabilities	
Accounts payable	\$ 1,757
Due to other governments	1,073
Total liabilities	2,830
Deferred Inflows of Resources	
Unavailable revenue - delinquent property taxes	598
Fund Balance	
Assigned - subsequent year operations	104,692
Unrestricted	658,994
Total fund balance	763,686
Total liabilities, deferred inflows of resources and fund balance	\$ 767,114

Eureka County Television District
 Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
 June 30, 2023

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

Total fund balance, governmental funds	\$	763,686
<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	\$	2,689,339
Less accumulated depreciation		<u>(2,130,582)</u>
		558,757
<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>598</u>
Net position of governmental activities	\$	<u><u>1,323,041</u></u>

Eureka County Television District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2023

	General Fund
Revenues	
Taxes	\$ 136,326
Intergovernmental revenues	55,078
Miscellaneous	46,314
Total revenues	237,718
Expenditures	
Current	
General government	142,223
Capital outlay	133,475
Total expenditures	275,698
Net Change in Fund Balance	(37,980)
Fund Balance, Beginning of Year	801,666
Fund Balance, End of Year	\$ 763,686

Eureka County Television District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
 of the Governmental Fund to the Statement of Activities
 Year Ended June 30, 2023

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

Net Change in Fund Balance, Governmental Funds \$ (37,980)

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.

Capital outlay to purchase capital assets	\$ 133,475	
Current depreciation expense	<u>(58,996)</u>	
		74,479

Property taxes that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activities.

Current year change in unavailable property taxes revenue	<u>(143)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 36,356</u></u>
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Eureka County Television District

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Ad valorem taxes				
Secured-real property	\$ 62,346	\$ 62,346	\$ 50,526	\$ (11,820)
State unitary tax	-	-	3,724	3,724
Personal property roll	-	-	6,935	6,935
Net proceeds of mines	80,674	80,674	75,141	(5,533)
	<u>143,020</u>	<u>143,020</u>	<u>136,326</u>	<u>(6,694)</u>
Intergovernmental Revenues				
State shared revenue				
Consolidated tax	55,078	55,078	55,078	-
Miscellaneous				
Rents	20,000	20,000	33,740	13,740
Refunds	500	500	1,731	1,231
Interest earned	3,500	3,500	11,572	8,072
Net increase (decrease) in fair value of investments	500	500	(729)	(1,229)
	<u>24,500</u>	<u>24,500</u>	<u>46,314</u>	<u>21,814</u>
Total revenues	<u>222,598</u>	<u>222,598</u>	<u>237,718</u>	<u>15,120</u>

Eureka County Television District

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures				
General government				
Television administration				
Salaries	\$ 13,000	\$ 13,000	\$ 5,500	\$ 7,500
Employee benefits	1,500	1,500	76	1,424
Services and supplies	48,300	48,300	37,597	10,703
	<u>62,800</u>	<u>62,800</u>	<u>43,173</u>	<u>19,627</u>
Tank Hill				
Services and supplies	<u>29,500</u>	<u>29,500</u>	<u>15,035</u>	<u>14,465</u>
Mary's Mountain				
Services and supplies	<u>27,600</u>	<u>27,600</u>	<u>17,180</u>	<u>10,420</u>
Prospect Peak				
Services and supplies	<u>53,000</u>	<u>53,000</u>	<u>41,165</u>	<u>11,835</u>
Argenta Ridge				
Services and supplies	48,500	48,500	25,670	22,830
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>133,475</u>	<u>26,525</u>
	<u>208,500</u>	<u>208,500</u>	<u>159,145</u>	<u>49,355</u>
Total expenditures	<u>381,400</u>	<u>381,400</u>	<u>275,698</u>	<u>105,702</u>
Net Change in Fund Balance	(158,802)	(158,802)	(37,980)	120,822
Fund Balance, Beginning of Year	<u>884,170</u>	<u>884,170</u>	<u>801,666</u>	<u>(82,504)</u>
Fund Balance, End of Year	<u>\$ 725,368</u>	<u>\$ 725,368</u>	<u>\$ 763,686</u>	<u>\$ 38,318</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. The District is governed by an elected Board of five members who possess final decision-making authority and is held primarily accountable for those decisions. The District is responsible for 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 County Commission must also approve and sign the tentative and final budgets along with the District Board of Directors.

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 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), rents, and interest income. 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 are held 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 Directors 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 Directors, 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 unavailable 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 and invested in accordance with Nevada Revised Statutes.

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 \$3,500 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 and improvements	40 years
Equipment and vehicles	5 - 10 years

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2023.

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.

Estimates

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

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. The District currently does not have restricted net position and unrestricted net position represents all 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. The District has no nonspendable fund balance.
- **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. The District has no restricted fund balance.
- **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. The District has no committed fund balance.
- **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 Directors 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.

Net Proceeds of Mines Tax

Net proceeds of mines are paid on an annual, calendar year basis. For the year ended June 30, 2023, net proceeds of mines received on actual business from January 1, 2022 through December 31, 2022 are reflected in the financial statements. Net proceeds of mines from January 1, 2023 through June 30, 2023 are neither measurable nor available to meet obligations existing at June 30, 2023. 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, 2023 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.

New Accounting Standard Pronouncement

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The District has evaluated this guidance and determined that it has no impact on the District's financial statements.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with presentation in the current-year financial statements.

Note 2 - Cash and Cash Equivalents

A summary schedule of cash and cash equivalents for the District at June 30, 2023 is as follows:

Balances Classified by Depository and Category
Deposits

Cash and investments held in Eureka County pooled cash	<u>\$ 750,759</u>
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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) or collateralized by the Office of the State Treasurer/Nevada Collateral Pool. The District does not have a formal policy relating to custodial credit risk but follows NRS. The District participates in the State of Nevada Collateral Pool which requires depositories to maintain as collateral acceptable securities having a fair market value of at least 102 percent of the amount of the uninsured balances of the public money held by the depository. Under NRS 356.360, the State Treasurer manages and monitors all collateral for all public monies deposited by members of the pool. As of June 30, 2023, all deposits were collateralized under the Nevada Pooled Collateral Program or insured by the Federal Deposit Insurance Corporation (FDIC).

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Reclassification	Additions	Deletions	Balance June 30, 2023
Governmental Activities					
Capital assets, being depreciated					
Improvements other than					
buildings	\$ 54,599	\$ -	\$ -	\$ -	\$ 54,599
Buildings and improvements	324,539	-	-	-	324,539
Equipment and vehicles	2,315,157	(138,431)	133,475	-	2,310,201
Total capital assets, being depreciated	2,694,295	(138,431)	133,475	-	2,689,339
Less accumulated depreciation	2,210,017	(138,431)	58,996	-	2,130,582
Total Governmental Activities					
Capital Assets, net	\$ 484,278	\$ -	\$ 74,479	\$ -	\$ 558,757

Reclassifications were made to the beginning balance for the disposal of fully depreciated assets.

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

Governmental Activities	
General government	<u>\$ 58,996</u>

Note 4 - Rents

On March 1, 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 District until March 2019. This lease agreement was renewable and was renewed for an additional 5-years, ending March 2024. The lease contains a 60-day termination clause under certain circumstances by either party.

On March 6, 2014, 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 District until March 2019. This lease agreement was renewable and was renewed for an additional 5-years, ending 2024. The lease contains a 60-day termination clause under certain circumstances by either party.

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 for rent and \$200 for utilities are made to the District until September 2022. This lease agreement is renewable for additional 5-years terms at 110% of the rental payment of the prior period. The lease was renewed for an additional 5-years, ending September 2027. Monthly payments of \$1,650 for rent and \$200 for utilities are made during this period. The lease contains a 90-day termination clause by either party.

Note 5 - Compliance with Nevada Revised Statutes and Administrative Code

The District confirmed 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 Directors
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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 29, 2023.

Report on 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) as a basis for designing 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Elko, Nevada
November 29, 2023



Auditor's Comments

To the Honorable Board of Directors
Eureka County Television District, State of Nevada
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, 2023, 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. 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, 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 2022-001 was reported in the current year as Finding 2023-001.

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
November 29, 2023

**2023-001: Report Preparation
Significant Deficiency**

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.

Condition: The District staff does not prepare financial statements in accordance with generally accepted accounting principles. Therefore, Eide Bailly LLP prepared the District's audited financial statements including related note disclosures.

Effect: The District's internally prepared annual financial statements submitted to the Board prior to the audit do not contain all the information required by generally accepted accounting principles.

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.

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 finding and the District believes the most cost-effective approach is to outsource the financial preparation function to the external auditors.