



NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at **6:00 p.m.** on **Thursday, January 28, 2021** in the Boardroom at 893 Southwood Boulevard, Incline Village, Nevada.

In compliance with State of Nevada Executive Department, Declaration of Emergency Directives 006, 016, 018, 021, 026, and 029, this meeting is closed to the public and attendance is limited to members of the Board of Trustees and essential staff. Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 4:00 p.m. on Thursday, January 28, 2021) or via telephone (the telephone number will be posted to our website on the day of the meeting).

- A. PLEDGE OF ALLEGIANCE*
- B. ROLL CALL OF TRUSTEES*
- C. INITIAL PUBLIC COMMENTS* - *Unless otherwise determined, the time limit shall be three (3) minutes for each person wishing to make a public comment. Unless otherwise permitted by the Chair, no person shall be allowed to speak more than once on any single agenda item. Not to include comments on General Business items with scheduled public comment. The Board of Trustees may address matters brought up during public comment at the conclusion of the comment period but may not deliberate on any non-agendized item.*
- D. APPROVAL OF AGENDA *(for possible action)*

The Board of Trustees may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Board of Trustees may make a motion to accept and follow the agenda as submitted/posted.

- E. PUBLIC HEARINGS
There are no Public Hearings for this agenda.
- F. DISTRICT STAFF UPDATES *(for possible action)*
 - 1. District General Manager Indra Winquest – **pages 4 - 5**
- G. REVIEW OF THE LONG RANGE CALENDAR *(for possible action)* – **page 6**
- H. DISTRICT GENERAL COUNSEL UPDATE *(for possible action)*
There is no District General Counsel update for this agenda.
- I. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.
 - 1. Treasurers Report *(for possible action)*

- A. Payment of Bills *(for possible action)* *(For District payments exceeding \$10,000 or any item of capital expenditure, in the aggregate in any one transaction, a summary of payments made shall be presented to the*

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

www.yourtahoeplace.com

NOTICE OF MEETING

Agenda for the Board Meeting of January 28, 2021 - Page 2

Board at a public meeting for review. The Board hereby authorizes payment of any and all obligations aggregating less than \$10,000 provided they are budgeted and the expenditure is approved according to District signing authority policy)

2. Audit Committee Chairman Matthew Dent: Verbal Report on January 20, 2021 and January 27, 2021 Audit Committee Meetings
3. Final report regarding the evaluation of certain accounting and reporting matters submitted by Moss Adams Representative Jim Lanzarotta (Requesting Staff Member: District General Manager Indra Winquest) – **pages 7 - 37**
4. Presentation of the final Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020, Eide Bailly's Tiffany Williamson and Director of Finance Paul Navazio (*Reference Nevada Revised Statutes 354.624*) – **pages 38 - 152**

J. **CONSENT CALENDAR** (*for possible action*) (In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to budget, user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar". A memorandum containing all relevant information will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section. Any member of the Board may request the removal of a particular item from the consent calendar and that the matter shall be removed and addressed in the General Business section of the meeting. A unanimous affirmative vote shall be recorded as a favorable motion and approval of each individual item included on the Consent Calendar.)

There are no Consent Calendar items on this agenda.

K. **GENERAL BUSINESS** (*for possible action*)

1. Review, discuss and possibly approve a Construction Manager-At-Risk Pre-Construction Services Contract for Effluent Export Pipeline - Project 2524SS1010 and Pond Lining Project 2599SS2010; Fund: Utilities; Division: Sewer; Vendor: Granite Construction; Amount: \$369,218; (Requesting Staff Member: Engineering Manager Nathan Chorey) – **pages 153 - 172**
2. Board of Trustees Handbook – Discussion only on the next steps (Requesting Trustee: Chairman Tim Callicrate) – **pages 173 - 194**
3. Policy 15.1.0: Accounting, Auditing and Financial Reporting: Audit Committee; Organization: Confirm existing appointments or make two new appointments (Requesting Trustee: Chairman Tim Callicrate) – **pages 195 - 202**
4. Nevada League of Cities: Confirm existing appointment of Trustee Matthew Dent or make a new appointment (Requesting Trustee: Chairman Tim Callicrate) – **page 203**
5. Approval of a contract with Tri-Strategies, Ltd. to provide legislative advocacy services in the not to exceed amount of \$20,000.00 (Requesting Staff Member: District General Manager Indra Winquest) – **pages 204 - 208**

L. **REPORTS*** (*Reports are intended to inform the Board and/or public*)

There are no Reports for this agenda.

M. **FINAL PUBLIC COMMENTS*** - Limited to a maximum of three (3) minutes in duration.

N. **ADJOURNMENT** (*for possible action*)



NOTICE OF MEETING

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CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Monday, January 25, 2021 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of January 28, 2021) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were either faxed or e-mailed to those people who have requested; and a copy was posted at the following seven locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

1. IVGID Anne
2. Incline Village
3. Crystal Bay Post
4. Raley's Shopping
5. Incline Village
6. IVGID's
7. The Chateau at

**SUSPENDED – STATE OF NEVADA
EXECUTIVE DEPARTMENT,
DECLARATION OF EMERGENCY,
DIRECTIVES 006, 016, 018, 021, 026, AND
029.**

Vorderbruggen Building (Administrative Offices)
Post Office
Office
Center
Branch of Washoe County Library
Recreation Center
Incline Village

/s/ Susan A. Herron, CMC
Susan A. Herron, CMC

District Clerk (e-mail: sah@ivgid.org/phone # 775-832-1207)

Board of Trustees: *Tim Callicrate - Chairman, Matthew Dent, Sara Schmitz, Kendra Wong, and Michaela Tonking.*

Notes: *Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.*

IVGID'S agenda packets are now available at IVGID's web site, www.yourtahoepace.com; go to "Board Meetings and Agendas". A hard copy of the complete agenda packet is also available at IVGID's Administrative Offices located at 893 Southwood Boulevard, Incline Village, Nevada, 89451.

**NRS 241.020(2) and (10): 2. Except in an emergency, written notice of all meetings must be given at least 3 working days before the meeting ... 10. As used in this section, "emergency" means an unforeseen circumstance which requires immediate action and includes, but is not limited to: (a) Disasters caused by fire, flood, earthquake or other natural causes; or (b) Any impairment of the health and safety of the public.*

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winquest
General Manager

SUBJECT: General Manager's Status Report
Prepared for the meeting of January 28, 2021

DATE: January 20, 2021

Staffing Recruitment & Notification

The Human Resources and Senior Management teams are very busy with multiple key recruitments. The District has formally hired a Controller who started on January 11, 2021. The District has a verbal commitment from our top candidate for the Director of Public Works. The General Manager and the Human Resources Department are working through final details and a signed offer is expected soon. Recruitment of the Parks & Recreation Superintendent has been completed and an offer to top candidate is being formalized. The District General Manager will keep the Board of Trustees and community up to date on these key recruitments.

Ordinance 7 General Manager Advisory Committee

A page on the IVGID website has been created and that link is <https://www.yourtahoepace.com/ivgid/general-managers-committee-on-ordinance-7>. Meeting minutes have been placed on the website. The last meeting of the committee was held on scheduled January 12, 2021. The next scheduled meeting is Tuesday, January 26, 2021. There will be a verbal update at the Board of Trustees meeting on January 28, 2021.

Mid-Year Update to District General Manager Goals for Fiscal Year 2020-2021

Following are the accepted goals for the District General Manager for Fiscal Year 2020-2021 (September 30, 2020) and a mid-year update on each goal:

GOAL	UPDATE
Effectively manage through COVID crisis to have an outcome that is favorable to the adopted District's budget and the overall health and safety of staff and the community members at IVGID venues & Facilities	At present, the District's overall budget performance is trending favorable to budget across most program areas. Shortfall in revenues are more than offset by lower than budgeted expenditures as a result of aggressive cost-saving measures.
Improve financial reporting by ensuring that the CIP Popular Report on capital is issued in a timely manner, capital data sheets are updated and accurate, and provide quarterly budget updates to the Board of Trustees	Quarterly CIP Popular Report and Budget update due for quarter ending September 2020 was provided to the Board on November 18, 2020; quarterly budget update for quarter ending December 2020 will be provided to the Board on February 10, 2021; quarterly budget update for quarter ending March 2021 will be provided to the Board in late April/early May; and quarterly budget update for quarter ending June 2021 will be provided to the Board in August 2021.

GOAL	UPDATE
Conduct and complete a Public Works Performance Management and Asset Management Study	This contract was awarded by the Board of Trustees at their January 13, 2021 Board meeting with Raftelis. The anticipated completion date of this work is June 15, 2021.
Bring forward to the Board of Trustees (via Audit Committee) for consideration improved District Internal Control policies, procedures and practices based on Director of Finance recommendations along with input from outside consultant(s).	Framework for Internal Controls will again be presented to the Audit Committee this month. Finance staff is reviewing existing policies and procedures, identifying priority areas of concern as well as developing scope for possible outside assistance in order to implement best practices for internal controls. New staff has been hired with direct expertise in developing and implementing internal controls. Two Moss Adams Reports have been finalized that both will impact positively areas of internal controls as it relates to Contract Management, and various areas within finance.
Manage transition to Enterprise Fund Accounting once consultant has rendered their recommendation and that recommendation is approved by the Board of Trustees and concurred to by the State of Nevada	The District is set for a hearing with the Department of Taxation on January 28, 2021. The 2021-22 Budget is planned to be produced in Enterprise Fund Accounting format.
Work with the Board of Trustees and community to evaluate and bring forward to the Board of Trustees proposed amendments to Ordinance 7	The GM's Committee on Ordinance 7 began meeting on September 28, 2020. There have been five meetings and the goal is to be providing recommendation to the community and Board of Trustees in the Spring
Review and recommend to the Board of Trustees punch card utilization and accounting improvements	On September 9, 2020, there was a Board workshop on punch card accounting. Additionally, a contract was issued to Moss Adams that included a review and opinion on Punch Card Accounting. As a result, contra revenue accounting for punch card transactions will be eliminated beginning with the 2021-22 budget. An alternative method(s) of accounting will be discussed. Lastly, the Ordinance 7 General Manager's Committee is discussing the future of Recreation Punch Cards.
Develop and bring forward to the Board of Trustees a 2021/2022/2023 Strategic Plan for their approval	Staff is working on preliminary updates to provide a draft 2021 – 2023 Strategic Plan for review and discussion at a Board of Trustees Meeting in February/March. Staff will then bring back a final draft for approval based on discussion and feedback received.
Transition to a new firm to provide legal services to the District once selected by the Board of Trustees	The legal services agreement with Best Best & Krieger was discussed at the Board's December 2020 meeting and it was reviewed by outside independent counsel. Presently, the contract is with the Best Best & Krieger representative for final review. Assuming that this final review is without change, the legal services agreement will be executed and this goal will be completed.
The Board of Trustees agreed to setting a date for the District General Manager's performance evaluation no later than September 30, 2021 and conduct that evaluation at a meeting closest to that date but not later than that date.	This date is not presently included on the District's long range calendar.

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2021	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
02/10	Wednesday	6 p.m.		Regular Board Meeting	02/01/2021 8 a.m.	Public Records Update (in GM report) Approve negotiated payment to ETS (Beko) Non-Supervisory Contract affirmation (Consent Calendar) Carryovers, a budget augmentation, and fine tuning to the budget (request made at 12/9/2020 meeting (Navazio)
TBD	TBD	TBD		Special Audit Committee Meeting		Review and Selection of District's Auditor (Navazio)
02/24	Wednesday	6 p.m.		Board Workshop	02/15/2021 8 a.m.	Budget Workshop #3 – Operating Budget FY2020/2021 Mid-Year Budget Update Recommendation and Selection of the District's Auditor (Navazio)
03/10	Wednesday	6 p.m.		Regular Board Meeting	03/01/2021 8 a.m.	Public Records Update (in GM report)
03/24	Wednesday	6 p.m.		Regular Board Meeting	03/15/2021 8 a.m.	
04/14	Wednesday	6 p.m.		Regular Board Meeting	04/05/2021 8 a.m.	Public Records Update (in GM report) Approval of FY2021/22 Tentative Budget
04/28	Wednesday	6 p.m.		Regular Board Meeting	04/19/2021 8 a.m.	Authorize the Burnt Cedar Pool CMAR Construction Contract (Chorey)
05/12	Wednesday	6 p.m.		Regular Board Meeting	05/03/2021 8 a.m.	Public Records Update (in GM report)
05/26	Wednesday	6 p.m.		Regular Board Meeting	05/17/2021 8 a.m.	Adoption FY2021/22 Budget (incl. Public Hearing) Approval of Rec Roll – FY2021/22 (incl. Public Hearing)
06/09	Wednesday	6 p.m.		Regular Board Meeting	05/31/2021 8 a.m.	Public Records Update (in GM report) Raftelis Final Report (tentative date)
06/30	Wednesday	6 p.m.		Regular Board Meeting	06/21/2021 8 a.m.	
07/14	Wednesday	6 p.m.		Regular Board Meeting	07/05/2021 8 a.m.	Public Records Update (in GM report)
07/28	Wednesday	6 p.m.		Regular Board Meeting	07/19/2021 8 a.m.	
08/11	Wednesday	6 p.m.		Regular Board Meeting	08/02/2021 8 a.m.	Public Records Update (in GM report)
08/25	Wednesday	6 p.m.		Regular Board Meeting	08/16/2021 8 a.m.	
09/08	Wednesday	6 p.m.		Regular Board Meeting	08/30/2021 8 a.m.	Public Records Update (in GM report)
09/29	Wednesday	6 p.m.		Regular Board Meeting	09/20/2021 8 a.m.	
10/13	Wednesday	6 p.m.		Regular Board Meeting	10/04/2021 8 a.m.	Public Records Update (in GM report)
10/27	Wednesday	6 p.m.		Regular Board Meeting	10/18/2021 8 a.m.	
11/10	Wednesday	6 p.m.		Regular Board Meeting	11/01/2021 8 a.m.	Public Records Update (in GM report)
12/08	Wednesday	6 p.m.		Regular Board Meeting	11/29/2021 8 a.m.	Public Records Update (in GM report)

<i>Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar</i>
RFID Picture Passes – Item for next Strategic Plan or three years from now – software not available nor is infrastructure/hardware
TRPA EIS Contract at Diamond Peak
Split Ordinance 7 (allow 45 days ahead of action)
Enterprise vs special revenue accounting (in process – submitted to the State of Nevada – hearing before the DOT on 01/28/2021)
General Manager's job description clean up
Pricing policy
September 1, 2021 – General Manager Performance Review and Review of Goals for FY 2020/2021
Review of the Washpad Project (see award made on 06/23/2020)
Report on audit of selected parcels
Report on audit of recreation and beach fees (request made at 12/9/2020 meeting)
Correspondence in Board packet – Chairman Callicrate
Discuss removing Mr. Dobler from the Audit Committee (request made at 01/13/2021 meeting)
Third and fourth quarter financial reports (add to LRC)
Moss Adams game plan/action plan (request made at 01/13/2021 meeting)
Tyler Technologies project status report (request made at 01/13/2021 meeting)
Possible discussion on IVGID needs as it relates to potential land use agreement with DPSEF (Request by Trustee Schmitz – 01/18/2021)

*Budget approval is required after the third Monday however whatever date is selected, a 10-day notice must be given. Must accomplished no later than June 1, 2021.

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra S. Winqest
District General Manager

FROM: Paul Navazio
Director of Finance

SUBJECT: Final report regarding the Evaluation of Certain Accounting and Reporting Matters submitted by Moss Adams, LLP representative Jim Lanzarotta

DATE: January 22, 2021

I. ACTION, IF ANY, REQUIRED

There is no action required by the Board of Trustees as this is a report item that provides, in a publicly noticed meeting, the final report regarding evaluation of selected accounting and reporting matters submitted by Moss Adams, LLP and presented by Moss Adams LLP representative Jim Lanzarotta. Mr. Lanzarotta will be present in order to answer any questions that the Board of Trustees may have.

II. BACKGROUND

Consistent with Board authorization provided last spring, the Audit Committee engaged the services of Moss Adams LLC to undertake a review of selected District accounting and financial reporting issues. A professional services contract was awarded in an amount not to exceed \$28,410 with a scope of services to include review of four specific areas:

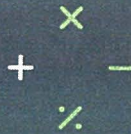
- 1) Determine whether the District's recreational activities currently accounted for within Community Services and Beach through the use of governmental funds are presented in accordance with GAAP, and specifically whether they should be reported in enterprise funds instead of special revenue, capital projects, and debt service funds.
- 2) Evaluate whether the District's central service cost allocation practice complies with applicable accounting standards and recognized best practices.

- 3) Evaluate whether the District's current punch card accounting is in compliance with applicable accounting standards.
- 4) Determine whether the District's capital asset capitalization practices are in compliance with GAAP and accepted best practices.

The report prepared by Moss Adams, LLP includes specific findings and recommendations informed by industry best practices that will assist the District in identifying opportunities to improve policies, procedures and practices related to accounting and financial reporting related to the specific areas addressed within the scope of work.

Attachment:

- 1) IVGID Evaluation of Certain Accounting and Financial Reporting Matter final report prepared by Moss Adams, LLP, dated January 14, 2021



Proprietary & Confidential

FINAL REPORT

Incline Village General Improvement District
EVALUATION OF CERTAIN ACCOUNTING AND REPORTING MATTERS

January 14, 2021

Moss Adams LLP
975 Oak Street, Suite 500
Eugene, OR 97401
(541) 686 -1040



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I. EXECUTIVE SUMMARY

A. SCOPE AND METHODOLOGY

Moss Adams LLP was contracted by Incline Village General Improvement District (District) to analyze and provide guidance on whether certain of the District's activities should be reported in enterprise funds vs. governmental funds, the allocation of central service costs, punch card accounting, and whether the District's current capitalization policies and actual practices are in agreement with applicable accounting standards.

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based. This report was developed based on information gained from our interviews, reading policies, budgets, financial statements and other documents, comparisons of the District's practices against Generally Accepted Accounting Standards (GAAP) as provided by the Governmental Accounting Standards Board (GASB) and other recognized best practices. The procedures we performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards.

B. EXECUTIVE SUMMARY OF FINDINGS AND RECOMMENDATIONS

Based on our analysis, we identified the following observations as opportunities for the District to improve its accounting and reporting practices.

ENTERPRISE FUND ACCOUNTING	
Observation	The District's Community Services and Beach recreational activities are capital asset intensive, primarily financed by user charges, and currently reported within governmental fund-types using the modified accrual basis of accounting. This reporting was found to meet GAAP criteria for governmental fund reporting. Although these activities are better suited to be treated as enterprise funds, the District's circumstances do not meet the GASB criteria <i>requiring</i> the use of enterprise fund accounting.
Recommendation	While governmental fund reporting can be supported with the District's current circumstances, the District should report these activities through the use of Enterprise Funds to achieve the benefits of the full accrual basis of accounting. These activities generally meet the GAAP definition of 'business-type' activities and are better suited for reporting within enterprise funds that use the full accrual basis of accounting to provide stakeholders with a better understanding of the sufficiency of the rates charged to users in covering all costs incurred including the use of capital assets and debt service. See additional observations and recommendations in the body of this report.



OVERHEAD COST ALLOCATIONS	
Observation	<p>The District allocates certain costs reported in the General Fund to the other funds with the departments and activities that benefit from those costs through an inter-fund charge reported as a negative expense in the General Fund financial statements titled Central Services Cost Allocation Income. The District's allocation of costs is in compliance with GAAP and meets State budgetary requirements, but the current presentation in the financial statements is not in compliance with GAAP.</p>
Recommendation	<p>If the current method of reporting expenditures initially within the General Fund is maintained, the expenditures and reporting of the related income as a negative expenditure should be removed from the General Fund and only reported as expenses or expenditures in the reimbursing funds. See additional observations and recommendations in the body of this report.</p>

PUNCH CARD ACCOUNTING	
Observation	<p>Members of the District are provided picture passes or punch cards as part of the benefits received from their payment of Facility Fees. The District currently tracks the utilization of picture passes and punch cards and records a value of the punch cards within the fund and activity for which the punch cards were presented for use through a contra-revenue accounting procedure. The contra-revenue accounting methodology is confusing to stakeholders, complicates the budgeting process, and requires more time and effort than the perceived benefit it provides.</p>
Recommendation	<p>We find the contra revenue accounting associated with the value of punch card usage to be consistent with annual budgets adopted by the Board and approved by the State, and in compliance with governmental accounting standards. That said, we recommend the District discontinue the use of contra-revenue accounting for the utilization of punch cards for the reasons noted above. See additional observations and recommendations in the body of this report.</p>

ACCOUNTING FOR CAPITAL EXPENDITURES	
Observation	<p>The District has been capitalizing expenditures incurred in the development of master plans as well as costs incurred that do not relate to specific capital projects or that increase the service capacity of an existing capital asset. This is not in compliance with established governmental accounting practices. In addition, the Board's capitalization policies and practices are not sufficiently detailed to provide guidance on what types of costs should be considered for capitalization.</p>
Recommendation	<p>The District is in need of developing more robust capitalization policies that provide for the different stages of a capital project, how to handle costs incurred in each stage, clarification on the nature of expenditures that increase the service capacity and therefore appropriate to capitalize, and the nature of expenditures that are repairs and maintenance and therefore should be expensed as incurred. See additional observations and recommendations in the body of this report.</p>



Refer to section II below for background, scope and methodology and section III for our detailed observations and recommendations. Moss Adams would like to thank the Board members, Audit Committee members, and District staff for their cooperation and assistance during our engagement.

Moss Adams, LLP

Moss Adams LLP
Eugene, Oregon
November 30, 2020



II. BACKGROUND, SCOPE, AND METHODOLOGY

A. BACKGROUND

The District provides water, sewer and solid waste services, as well as recreational facilities and programs for the benefit of individuals owning property or residing within its geographical boundaries as well as to the general public. The activities of the District are accounted for in a series of individual funds intended to assist in meeting its requirement for demonstrating legal compliance, transparency, prudent financial management, and compliance with applicable governmental accounting and reporting standards.

For the past several years, questions have been raised regarding the appropriate basis of accounting and related fund-type to be used for the District's recreational activities, the methodology used to allocate certain costs that benefit multiple activities, the accounting treatment utilized when punch cards are presented to gain access and other benefits at various recreational venues, and the accounting practices utilized that have resulted in the capitalization of certain types of costs.

B. SCOPE AND METHODOLOGY

The scope of this engagement was to evaluate the District's accounting and reporting in the following areas as compared to generally accepted accounting principles applied to governmental entities and to accepted governmental best practices:

1. Determine whether the District's recreational activities currently accounted for within Community Services and Beach through the use of governmental funds are presented in accordance with GAAP, and specifically whether they should be reported in enterprise funds instead of special revenue, capital projects, and debt service funds.
2. Evaluate whether the District's central service cost allocation practice complies with applicable accounting standards and recognized best practices.
3. Evaluate whether the District's current punch card accounting is in compliance with applicable accounting standards.
4. Determine whether the District's capital asset capitalization practices are in compliance with GAAP and accepted best practices.

This evaluation was conducted in four phases:

1. Startup/management: Conduct planning procedures and hold engagement kickoff meeting with Audit Committee members and District management.
2. Fact Finding: Perform interviews and inquiries with key stakeholders, obtain and review relevant documents.
3. Analysis: Compare existing practices against applicable generally accepted accounting principles as applied to governments and to accepted industry best practices.
4. Reporting: Present findings and observations to the District's Audit Committee and District management to validate facts and confirm the practicality of recommendations.



The primary techniques used to conduct this evaluation included:

- **Review Documents:** We gathered relevant documentation for review. Examples of relevant documentation included the comprehensive annual financial reports (CAFR), Board financial policies, Facility Fee ordinance, capitalization policies and practices, cost allocation policies, budgets, bond agreements, Nevada Revised Statutes, and certain other information provided to us summarizing the issues.
- **Conduct Interviews:** We conducted interviews and inquiries with stakeholders to obtain an understanding of the current accounting and reporting practices and related issues.

Our interviews and inquiries including the following departments and positions:

- Audit Committee
 - Three different current audit committee members
- Management
 - General Manager
 - Director of Finance
 - Controller
- Members at large
 - Two community members
- State of Nevada
 - Department of Taxation
- Governmental Accounting Standards Board
 - Senior Research Manager
- **Evaluation of District practices against applicable accounting standards:** We compared the District's accounting practices against accounting standards issued by the Governmental Accounting Standards Board (GASB); guidance in the American Institute of CPA's State and Local Government Accounting and Auditing Guide; editorial material included in the Governmental Accounting, Auditing, And Financial Reporting (GAAFR or Blue Book), the Nevada Revised Statutes (NRS) applicable to General Improvement Districts; and Best Practice Advisories, issued by the Government Finance Officers Association (GFOA) representing accepted Best Practices.



III. OBSERVATIONS AND RECOMMENDATIONS

Enterprise vs. Governmental Fund reporting

Based on input gathered from interviews, documents reviewed, and our evaluation of existing practices compared to applicable accounting standards and best practices, we have the following observations and recommendations.

1	Observation	The District's recreational activities included in Community Services and Beach are currently reported within Governmental Funds and follow the related modified accrual basis of accounting. These activities are generally referred to as business-type activities, are capital intensive, and they rely mostly on charges to residents and the public for use of the various recreational venues and activities. While the use of governmental funds and the modified accrual basis of accounting is acceptable given the District's circumstances under GAAP, governmental funds are not designed to report whether the revenues generated from charges for services are sufficient to cover all costs incurred including capital assets and debt service.
	Recommendation	The District should use the full accrual basis of accounting through the use of enterprise funds for the recreational activities reported within Community Services and Beach. The full accrual basis of accounting will allow the District to determine what portion of its operating costs, including the use of capital assets and interest incurred on debt, are recovered from the rates it charges for these activities.

2	Observation	The District has established that Resolutions are the method used by the Board to document commitments placed on resources as defined in GAAP. Further, we found that there is an intent of the Board and management to commit the resources generated from Facility Fees as allocated by the Board to provide additional resources for the related operations, capital projects, and debt service, of the various activities within the Community Services and Beach funds. However, it appears the District is relying on the resolution adopted annually by the Board that authorizes the assessment and collection of these fees by the County Assessor as the resolution that also establishes the commitment as defined in GAAP.
	Recommendation	Should the District decide to continue the use of governmental funds for the reporting its recreational activities within Community Services and Beach, the District should consider adopting a separate resolution with wording that clearly establishes its intent to commit the Facility Fees to the activities within Community Services and Beach as provided by the applicable accounting standards. Further, the District would need to commit additional resources reported within Community Services and Beach in order to meet the spirit and intent of GAAP to use special revenue funds. In the absence of a substantial portion of resources



	either restricted or committed as defined in GAAP, the Community Services and Beach funds would need to be combined with the General Fund for external financial reporting purposes.
3 Observation	One of the reasons provided to us for the switch from Enterprise to Special Revenue funds for Community Services and Beach activities after 2015 was to improve the ability to track and monitor resources dedicated to acquisition of capital assets and repayment of debt supporting the recreational activities within these funds.
Recommendation	Should the decision be made to report Community Services and Beach as enterprise funds, the District could consider the use of separate budgetary funds for purposes of tracking and monitoring resources designated for specific purposes like acquisition of capital assets or repayment of debt that are combined with the enterprise funds for external financial reporting purposes, or otherwise tracking resources within the enterprise funds with constraints separately through the chart of accounts and related separate line items in the budgetary forms used for State budget compliance purposes.

Observation of current reporting.

From review of prior year CAFR's, summaries of the issues provided to us from various stakeholders, and results of interviews conducted, we learned that the District used enterprise funds to account for its recreational activities within Community Services and Beach prior to 2016. We were told that a change was made to report these activities within governmental funds at the direction of former management staff to address personal preferences as well as feedback from certain District stakeholders that it would be easier to track the spendable resources within a series of governmental funds using the modified accrual basis of accounting. Since 2016, the District has used separate special revenue funds to report the activities of Community Services and Beach, along with separate capital projects funds to account for resources used to finance capital expenditures for Community Services and Beach, and separate debt service funds to account for resources used for the repayment of debt the proceeds from which were used to fund capital assets acquired to provide the services reported within Community Services and Beach.

External financial reporting guidance – Enterprise Funds.

Full accrual basis of accounting through the use of enterprise funds is recognized as appropriate to account for activities that are primarily financed by user fees and charges for services. Enterprise funds may be used when fees are charged to external users for goods and services and when management determines that a measurement of the extent to which fees and charges are sufficient to cover the full cost of providing goods or services including capital costs (depreciation, replacements, and debt service) is prudent. Enterprise funds are required when outstanding debt is backed solely by user fees and charges; laws or regulations require the establishment of fees and charges at rates sufficient to recover costs including capital costs; and when there is a pricing policy that fees and



charges are to be set to recover costs, including capital costs. (GASB Cod 1300.109 a-c, GASB 34 par 67 a-c, AICPA SLG A&A par 2.30)

Enterprise funds are most commonly used for public utilities including water, sewer, solid waste, and power for which charges to consumers of these services are the primary revenue source. Often there are laws and regulations governing these activities and rates charged to consumers, along with requirements that user fees and charges be set at levels necessary to cover all costs including capital costs. Enterprise funds are often voluntarily used for activities primarily financed with fees and charges, or when management determines that it is prudent to measure the results of operations on the economic resources measurement focus that can only be accomplished through the full accrual basis of accounting. Examples include golf courses, parking facilities, pools, raceways or motor sports, health and mental health services, among others.

There is diversity in practice as to whether an entity's pricing policies, in and of themselves, can create a requirement to use enterprise fund accounting for external reporting purposes. Financial statement preparers and auditors have viewed this guidance in the accounting standards as permissive guidance as opposed to a requirement to use of enterprise funds.

External financial reporting guidance – Governmental Funds.

Modified accrual basis of accounting through the use of governmental funds is recognized as appropriate for most general governmental activities that are financed primarily with taxes, grants and entitlements, and other similar non-exchange revenue sources. The nature of these revenues lacks a direct connection between the value of the goods and services provided and the revenues received to finance them. (GASB Cod 1300.102)

The modified accrual basis through the use of governmental fund types allows for the tracking of spendable available resources. The use of special revenue, capital projects, and debt service is beneficial when there are constraints on certain spendable resources that have limits on the nature or type of activity or expenditure for which those resources are to be applied. The modified accrual basis of accounting with its focus on available spendable resources allows for the tracking of resources either externally restricted or internally committed to specific and limited activities and expenditures. (GASB Cod 1300.102a)

There are five governmental fund types that are used for an entity's general government activities, the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds. The District has been using special revenue funds for reporting Community Service and Beach resources and expenditures supporting the recreational venue operating costs incurred, separate capital projects funds for resources assigned to capital expenditures related to these recreational activities, and separate debt service funds for resources assigned to the repayment of debt the proceeds of which financed capital projects related to these recreational activities.

GAAP provides for the use of Special Revenue funds only when a *substantial portion* of the proceeds from *specific revenue sources* are *restricted or committed* to expenditure for specific purposes. Further, resources reported in special revenue funds are generally exclusive of resources that are restricted or committed to capital projects or debt service. Restrictions can only be created by laws or regulations and agreements with third parties through grant, contract, and other agreements. Commitments are created through actions taken by the Governing Board through their highest decision-making level of authority usually through ordinances or resolutions. The District has



determined that Board approved resolutions represent the documentation of decisions they make at the highest level of decision making authority for purposes of meeting GAAP requirements to create a commitment. (GASB 54, par 30 & 31, 2019 CAFR footnote 1.P)

GAAP provides for the use of Capital Projects funds when financial resources are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and capital assets. The use of Capital Projects funds can be required to meet a legal or contractual requirement, or their use can be based on a decision of management on the prudence of accounting for resources separately designated for capital outlays. (GASB Cod Sec 1300.106)

GAAP provides for the use of Debt Service funds for financial resources that are restricted, committed, or assigned to the expenditure for principal and interest on outstanding debt. The use of Debt Service funds can be required to meet a legal or contractual requirement, or their use can be based on a decision of management on the prudence of accounting for resources separately designated for debt service. (GASB Cod Sec 1300.107)

Governing Boards may create and use separate funds to achieve sound and expeditious financial administration, or to assist with compliance with grant or contractual provisions. When separate funds are used for management or budgetary purposes that don't meet the requirements to be reported as either Special Revenue, Capital Projects, or Debt Service funds, these funds are combined with the General Fund for external financial reporting purposes.

Evaluation of Enterprise Fund reporting guidance applicable to the District.

In our review of the Nevada Revised Statutes, bond agreements, and other relevant documents, we did not find any laws, regulations, or revenue pledges solely backed by user fees and charges that would result in a requirement under GAAP to use enterprise funds for the District's Community Service and Beach activities.

A question has been raised by certain District stakeholders as to whether a third criteria provided in GAAP would require enterprise fund accounting in and of itself. The third criteria provide for the use of enterprise funds when pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs. (GASB Cod 1300.109c)

Board Policy 6.1.0.2.2 appeared to be the primary codification of fees and charges policies for the District. The wording of this section was found to be generic and lacked sufficient linkages to the actual methodology to be used to determine the rates for fees and charges, and is insufficient to establish a Board intent for such fees and charges to be set at rates sufficient to recover all costs including capital or debt costs.

Furthermore, we found that the District's budgets have included support of its recreational activities from the General Fund totaling \$1,211,000 over the last five years with actual cash transfers totaling \$650,000. This level of support demonstrates the District's policies over the rates charged for its various activities are not established to cover all costs incurred within Community Services and Beach. When an activity is supported with resources other than user fees and charges, Enterprise Funds *may* be used for reporting the activity, but *would not be required*. (GASB Comprehensive Implementation Guide Q&A 705-13, AICPA SLG A&A 2.30)

In practice, enterprise funds have been used even in instances fees and charges are set at rates that are insufficient to recover all costs of providing services. An example is transit agencies where user



fees and charges often provide less than 20% of the cost of operating the transit system and subsidies from taxpayers, states, and the federal government provide a majority of the revenue necessary to cover operating costs. Another example is government operated medical clinics for low income individuals where fees and charges are set at amounts the users of those services can afford as opposed to the actual cost of providing the service, and, the government determines it prudent to be able to measure the subsidy level required to fund the activity from the entity's other revenue sources.

Therefore, the District has the option to report the recreational activities of Community Services and Beach within either governmental funds or enterprise funds.

Evaluation of Special Revenue Fund reporting guidance applicable to the District.

As noted above, the District has the option to utilize governmental funds for reporting its recreational activities. However, in order to support the use of special revenue funds, the District would need to establish that a substantial portion of the revenue streams of the operations of the recreational activities are either externally restricted, or internally committed by Board action as memorialized in Board resolutions.

In our review of state law, bond agreements, and other documents provided to us, we did not find any externally imposed restrictions on the revenue sources reported within Community Services and Beach as provided in GAAP.

In addition to the revenues generated from charges for services at each of the District's recreational activities, the District has assessed a Recreation Standby and Service Charges Fee (referred to in this report generically as Facility Fees). These fees are established by the Board with separate assessments for the Recreational Facility Fee and the Beach Facility Fee to support the operating, capital, and debt service costs of the activities reported within the Community Services and Beach funds. (NRS 318.197)

The Board adopts a resolution annually as required under NRS 318.201 to enable the District to utilize the Washoe County Assessor's Office to assess and collect this fee on behalf of the District. While the main purpose of this resolution is to enable the District to utilize the County for assessment and collection purposes, we believe the wording within the resolution is sufficient to create a commitment as contemplated by GAAP.

In addition to the resolution noted above, the District prepares a memorandum that documents the portion of the Facility Fee that is assessed to fund the activities reported within Community Services and Beach, as well as the portions of these Fees to be committed to support capital projects and debt service.

From review of prior year financial statements, we found that the District has been reporting the Recreation and Beach Facility Fees, including the portions allocated to capital projects and debt service, initially as revenues in the Community Services and Beach special revenue funds. Cash is then transferred for the portions allocated to capital projects and debt service and reported as 'transfers-out' of the special revenue funds and as 'transfers-in' to the respective capital projects and debt service funds.

We find that given the specific intent of the Board to commit portions of the Facility Fees to capital projects and debt service, the portions so committed should be reported as revenues directly within



the respective capital projects and debt service funds. Further, we find that the portion of the Facility Fees committed to the operations of the Community Services and Beach funds are insufficient to meet the spirit and intent of the 'substantial portion' criteria in GAAP to support the use of special revenue funds. While GAAP provides no specific benchmarks or percentages necessary to meet the substantial portion criteria, a 20% threshold has evolved in practice as a benchmark that can be defended as meeting the substantial portion criteria. In cases where separate funds are utilized for management reporting, budgetary compliance, or other purposes but fail the substantial portion criteria, the funds are to be combined with the General Fund for external financial reporting purposes. (GASB Q&A Z.54.39)

Recommendations.

We recommend the District report its recreational activities for Community Services and Beach in respective enterprise funds. While the decision on the use of governmental or enterprise funds is optional given the District's specific circumstances, the determination of whether the financial condition of capital intensive activities funded primarily with fees and user charges is significantly enhanced through the use of the full accrual basis of accounting and the related use of Enterprise Funds. The full accrual basis of accounting through the use of Enterprise funds is necessary when it is important to know the extent to which fees and user charges are sufficient to cover all the costs incurred for a particular activity including capital costs. In addition, the determination of whether the financial condition of such activities is improving or declining over time requires a measurement of the wear and tear from the use of capital assets through the recording of depreciation among the operating expenses that is accomplished through the bases of accounting used by Enterprise Funds. Capital assets, long-term debt, and depreciation are not financial elements reported within Governmental fund financial statements that use the modified accrual basis of accounting.

Should the District want to improve the transparency of tracking and reporting resources designated for specific purposes like capital asset acquisition or construction or debt service separately from resources used in operations, we recommend the use of separate sub funds within Community Service and Beach that roll up into the Community Services and Beach Enterprise funds for external financial reporting purposes, but enable separate reporting for Board and management oversight purposes. In essence, the sub-fund financial statements can be used to demonstrate compliance with either external restrictions or Board created designations on resources and their uses, and the external Enterprise Fund financial statements can be used to determine whether the financial policies and actual practices of the District result in improvements or declines in the financial condition of these activities over time.

If the District decides to continue reporting its recreational activities within governmental funds, and if the District intends to continue to place constraints on the Facility Fees, we suggest that the District adopt a separate resolution addressed specifically to documenting the constraint it intends to place on the Fees by fund and purpose. This will improve the transparency about the Board's intent to constrain the Facility Fees. The separate resolution should contain language that makes it clear as to the Board's intent to create a commitment as contemplated by GAAP. Further, should the District desire to continue the use of special revenue funds to report the activities within Community Services and Beach, additional resources reported within these respective funds would need to be committed by the Board and memorialized in resolutions sufficient to meet the substantial portion criteria in



GAAP. Absent meeting the substantial portion criteria, the activities of Community Services and Beach would need to be combined with the General Fund for external financial reporting purposes.



Central Services Cost Allocations

Based on input gathered from interviews, documents reviewed, and our evaluation of existing practices compared to applicable accounting standards and best practices, we have the following observations and recommendations.

1	Observation	The District accounts for certain central service costs in the General Fund that benefit or are otherwise necessary to support the activities and services reported in its other funds. These costs are combined with and reported among the expenditures by function in the General Fund, as expenditures by function or activity by the reimbursing fund, and as a 'negative expenditure' reported separately in the General Fund in the amount of the total reimbursements made during the year.
	Recommendation	Costs initially incurred and paid by the General Fund that ultimately benefit activities reported within, and reimbursed by, the other District funds, should not be reported in the General Fund's financial statements. They should be reported as transactions within the fund benefitting from the services provided.
2	Observation	The District's current practice is to initially record allocated costs within the General Fund.
	Recommendation	While the allocation of costs incurred by the General Fund and charged to other funds is in conformance with GAAP, it is more common to report costs that benefit multiple funds within Internal Service Funds similar to how the District accounts for and reports for its fleet, engineering, and building maintenance services. The District should consider the accounting for administrative costs that benefit multiple activities and funds within Internal Service Funds and charge the activities and funds that benefit from the underlying services.
3	Observation	The District's central service cost allocations lack full transparency in the budget document. A schedule is included in the document that provides support for the allocation percentages to the District's various activities but lacks the detail of which specific budgeted expenditure line items makes up the central service cost total to be allocated.
	Recommendation	The District could improve the transparency of its central service cost allocations by providing the detail of line items included in the budget that make up the total central service costs that ultimately are allocated to the District's various activities.



4	Observation	The calculation of each activity's share of central service costs is based on averaging each activity's share of estimated full-time equivalents, budgeted wages, employee benefits, and services and supplies. This method is simplistic and does not allow for different bases for the unique nature of the different kinds of central service costs incurred. Related Board Policies and Practices identify the nature of central service costs eligible for allocation, but do not provide for the methodology to be used to allocate them.
	Recommendation	The District should consider revising Policies and Practices to include the methodology to be used to allocate central service costs. The methodology should allow for different bases for different types of costs incurred to better match amounts allocated with the drivers of those costs to the activities responsible for paying for them.
5	Observation	Central service costs allocated to the various activities of the District are based on budgeted amounts.
	Recommendation	The District should consider adjusting amounts charged to the various activities at year-end to match actual costs incurred, or alternatively, revise ensuing year allocations by prior year over or under charges compared to actual costs incurred so that reimbursements over time approximate the actual costs incurred.

Observations of current Central Services Cost Allocation.

The District incurs costs that benefit multiple activities reported within the various funds. Management uses two methodologies to account for, and allocate, those costs to the benefitting activities. One is the use of an Internal Service Fund (ISF), and the other is the initial accounting and reporting of certain 'central service costs' as expenditures within the General Fund. Activities accounted for in the ISF are charged to the activities benefitting from the services provided through an interfund charge. Central services costs initially recorded in the General Fund are allocated to the various activities/funds that benefit and reported separately by a negative expenditure in total in the General Fund financial statements along with expenditures/expense in the benefitting activity/fund for amounts allocated in their fund financial statements.

The District has Policy 18.1.0 and Practice 18.2.0 that provide for the allocation of central service costs that benefit or otherwise support the various activities of the District.

The District's Director of Finance performs an annual calculation, as part of the budget process, of central service costs to be allocated, along with the percentages to apply to the District's various activities, based on budgeted amounts for the ensuing year. The calculation of each activity's share of central service costs is based on averaging each activity's share of estimated full-time equivalents, and budgeted wages, employee benefits, and services and supplies. It was not clear how the total central service costs to be allocated is calculated as no detail was provided connecting the total to specific expenditure line items in the budget document.



As noted above, the central services costs allocation is part of the annual budget process, is included as a separate and distinct schedule in the budget document, and is available to the public for comment through the public process for budget adoption required by the State of Nevada.

GAAP and NRS Reporting Guidance for Cost Allocations

Governments often provide services internally under shared service arrangements to promote the efficiency and effectiveness of the shared service. In addition, it is common for governments to incur costs that benefit or support activities reported within the various funds of the government. GAAP provides guidance to account for interfund activity within and among the three fund categories of governmental, proprietary, and fiduciary in two classifications – reciprocal and non-reciprocal.

Reciprocal interfund activity is used to describe situations involving the exchange of equal or almost equal value between funds. This is the equivalent of exchange or exchange-like transactions. Common types of transactions within this classification include loans between funds, and interfund services provided and used. The District's motor pool, engineering, and building maintenance are examples currently reported as interfund services provided and used. (GASB Cod Sec 1800.102a)

Non-reciprocal interfund activity is used to describe situations that do not involve the exchange of equal or almost equal value between funds, or the equivalent of non-exchange transactions. Common types of transactions within this classification include transfers of resources between funds, and reimbursement of costs from a fund responsible for the expenditures to the fund that initially paid for them. The District's interfund transfers and central service costs are examples of these classification of transactions. (GASB Cod Sec 1800.102b)

GAAP provides for different alternatives for the accounting of costs that benefit multiple activities. The most common methodology is to accumulate costs within an Internal Service Fund (ISF). ISF's are used to report any activity that provides goods or services to other funds, departments, or agencies of the entity on a cost-reimbursement basis. Rates are determined and charged to the benefitting activities at a level, that over time, approximate the costs incurred to allow the ISF to operate on a 'break-even' basis. (GASB Cod Sec 1300.110)

Another alternative is for the activity benefitting from an expenditure and ultimately responsible for covering the cost to reimburse the fund initially paying for the cost. Entries are made removing the cost from the fund that initially paid for it and recording that cost in the fund benefitting from the expenditure. An example of this sort of transaction is the allocation of overhead. Allocations of overhead costs are to be reported as expenditures/expense of the benefitting activity/fund, and a reimbursement to the fund that initially paid for the cost. The result is the reimbursed cost is not reported in the financial statements as a transaction of the fund initially paying for the cost, but rather as a reduction of net position/fund balance and an expenditure/expense of the fund that ultimately is responsible for the cost. (GASB Cod Sec 1800.102 b (2), GAAFR 4-17)

Further, Nevada state law and budget preparation guidance provides, in general, for budgets based on GAAP, and specifically for interfund activity including quasi-external transactions, operating transfers, residual equity transfers, and the use of Internal Service Funds. (Nevada Form 4404LGF, NRS 354.543)



Evaluation of the District's Central Services Costs Allocations

We find that the District Board has provided authority for the allocation of costs that benefit its various activities through adoption of Policies and Practices, and management is meeting state requirements through the budget process. We also find that the District is reporting in compliance with GAAP, with the exception of the issue noted in the following paragraph, for its central service costs and activities currently reported within the General Fund.

The external financial statements could be improved by revising how the allocated costs are reported in the General Fund financial statements. As noted above, GAAP provides for costs initially paid for by one fund and reimbursed by another are to be excluded from the financial statements of the fund initially paying for the cost and as a reduction in net position/fund balance and an expenditure or expense in the financial statements of the funds ultimately benefitting from the service.

Improvements could be made in the allocation methodology. Best practices include evaluating six factors including the goals to be achieved, development of the allocation strategy, defining the level of cost detail, determining the actual cost of service, deciding on the bases of allocation, and considering potential drawbacks. The determination of the bases of allocation should take into consideration cause and effect relationships, the value of the benefits received, fairness, and a connection between an activity's desire to utilize the service and the cost to be incurred by that activity as a result. As examples, allocation based on cause and effect could include number of employee full-time equivalents, budgeted labor hours, building space occupied, number of PO's processed, number of checks issued, number of invoices processed, number of computers used and connected to the network, etc. Different bases could be used for separate types of costs. (GFOA Best Practices for Pricing Internal Services)

Another consideration that could simplify the ability of the District to determine the total and actual costs incurred as well as the sufficiency of the rates charged to the benefitting activities, would be to account for central service costs in an Internal Service Fund.

Recommendations.

Should the District stick with its current practice of initially accounting for central service costs that benefit its various activities within the General Fund, the costs accumulated and allocated to other activities/funds should not be reported within the General Fund's external financial statements. They should be reported as costs within the activities/funds that receive the allocations.

The District should consider accounting for central services within an Internal Services Fund instead of through reimbursements to the General Fund. ISF's provide a mechanism to accumulate costs that benefit multiple activities/funds, allow for the capturing of all costs on a full accrual basis, and ISFs are specifically provided for in GAAP and the NRS. The use of ISF's require the setting of rates for interfund charges, over time, on a cost-reimbursement basis. Therefore, actual charges to benefitting activities will, over time, equal the actual costs incurred. The current practice of allocations based on initial budgets could result in over or under charging for the services provided.

To improve the transparency of the internal service costs allocated, we recommend a detailed schedule of the individual expenditure line items in the budget that make up the total to be allocated be included in the budget document along with the support for the allocation bases.



To better match the costs of services used by each activity, we recommend identifying the different types of costs to be allocated and using a basis for allocation for each type that better aligns with the drivers of that cost to the benefitting activities. The current allocation of cost is based on an averaging of four different elements that is heavily weighted toward the direct budgeted costs of each activity which may not be the best reflection of the level of central services needed by a particular activity.

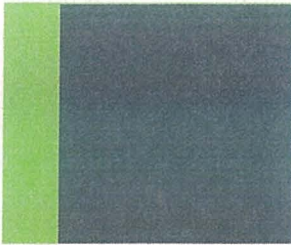
Whether the District sticks to its existing practice of initially accumulating joint costs in the General Fund, or switches to the use of an Internal Services Fund, we recommend that interfund charges eventually become based on actual costs incurred. This can be done through a 'true-up' process and related accounting entries at year-end after all costs have been determined, or by adjusting rates to be charged in the ensuing year by the amount of cumulative over or under charges from prior periods. The correct use of an internal services fund will require reimbursement of actual costs incurred. Initial allocations based on budgeted expenditures/expenses is a common and efficient practice during the year.



Punch Card Accounting

Based on input gathered from interviews, documents reviewed, and our evaluation of existing practices compared to applicable accounting standards and best practices, we have the following observations and recommendations.

1	Observation	The District's current punch card accounting methodology attempts to recognize the value associated with the benefits of the Facility Fees within the activities by fund where the picture passes and punch cards are presented for use. Further, we found that the District estimates the usage of picture passes and punch cards and the budgeted revenues by fund are consistent with that estimate.
	Recommendation	While we find there is a reasonable purpose behind the contra revenue methodology that is not inconsistent with GAAP and the budget requirements of the State, we recommend ceasing the use of the current accounting methodology. This methodology complicates revenue estimates to use for budget purposes, is confusing to stakeholders, and requires a significant amount of staff time during the year to administer. The time, cost, and complexity involved appears to outweigh the benefits perceived to be achieved.
2	Observation	The Board has the authority to, or not to, assess Facility Fees in support of Beach and Community Service venues, as well as to determine the allocation of the Facility Fees to fund operations, capital asset acquisitions, and/or debt service of both Community Services and Beach. The allocation in any particular year can address the immediate needs of the District as determined by the Board.
	Recommendation	The District should record revenues from charges for services and Facility Fees within the different activities and funds according to the net cash collected from rates charged and the allocation of Facility Fees determined by the Board at the time of the budget adoption.
3	Observation	Management has been classifying Facility Fees as a non-program related general revenue and therefore resulting from a non-exchange transactions since 2015 but has not specifically disclosed its policy on its revenue classification in the notes to the financial statements.
	Recommendation	Whether the District continues to report its recreational activities within governmental funds or switches to enterprise funds, its policy on the



classification of the Facility Fee revenue should be disclosed in the notes to the financial statements. We recommend the District stick to the non-exchange classification of the Facility fees, and if the decision is to switch to enterprise fund reporting, to report the fees within the non-operating section in the statement of revenues and expenses and the non-capital related financing activities section in the statement of cash flows.

Observation of current punch card accounting.

Board Policy 2.1.0.2.4 provides for the reporting of the annual recreation and beach Facility Fees and the allocation of these fees to the District's various recreational activities, capital projects, and debt service. The policy provides that the Board will authorize the assessment and allocation through the budget process.

Policy 16.1.1 provides the authority for charging the Facility Fees and the basis for which it will be assessed, the method and manner of the assessment and collection of the fees, and the benefits the fees provide residents through certain uses and rates at the District's various recreational facilities. The Board approved Ordinance 7 provides for the establishment of the uses and rates, rules and regulations for recreation passes and punch cards which are presented by residents at the recreational facilities to obtain the benefits and privileges provided to them in exchange for payment of the fees.

By Resolution and through the budget adoption process, the Board determines the assessment of the Facility Fees among the different recreational activities reported in Community Services and Beach funds, as well as amounts allocated for capital asset acquisitions and debt service benefitting the activities within these two funds.

To take advantage of the privileges provided by Ordinance 7, members have the option of receiving a picture pass or punch cards to present when utilizing the various recreational activities and facilities that, among other benefits, allow for reduced pricing compared to rates charged the general public.

We found that the District has been utilizing a contra-revenue accounting methodology that tracks the location where picture passes and punch cards are presented for use at the various recreational venues, as well as to recognize the value of the punch cards between the Community Services and Beach venues. From inquiries of management, we learned that the budgeted revenues by fund as adopted contains an estimate of the relative values of the benefits members obtain from usage of the punch cards at venues within Community Services and Beach.

In our interviews with various stakeholders, we heard that the initial purpose of the contra-revenue accounting methodology was developed in an effort to better align the values associated with the punch cards with the venues where presented for use. However, we heard from many stakeholders the current revenue recognition practice is complicated, confusing, requires significant staff time, and seems inconsistent with the authority of the Board to assess the Facility Fees to fund the various recreational activities and related capital acquisitions and debt service pursuant to their discretion.

We understand that some District stakeholders have raised the question as to whether the contra-revenue accounting methodology ends up with a reallocation of the Recreation Facility Fee revenues



paid by certain residents that don't have beach privileges away from the Community Services Fund and records them as revenues within the Beach Fund. From inquiries of management and the observations of documents provided to us, we did not find that resources from the Fees paid by members without beach privileges were reallocated and transferred out of the Community Services Fund. Nor did we find actual revenues reported for a year to be inconsistent with the intent of the adopted budget.

From review of past comprehensive annual financial reports, we find that management has been inconsistent in the classification of the Facility Fees revenue within the financial statements, and not currently following GAAP. Prior to 2016 when the District was reporting its recreational activities within enterprise funds, the Facility Fees were classified as 'operating revenue' consistent with exchange or exchange-like accounting guidance. After 2016 the District classified the fees as 'general revenues' which is consistent with the non-exchange transaction accounting guidance, and only appropriate when the fees are unrelated to funding specific programs or activities of the District.

Applicable revenue recognition guidance applicable to the Facility Fees.

A governmental accounting system must make it possible to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with GAAP, and to determine and demonstrate compliance with finance related legal and contractual provisions. Governing bodies, by definition, exercise the "power of the purse" by their responsibility to authorize the entity to raise and spend public money. This authorization in Nevada comes through the adoption of the annual budget. (GASB Cod Sec 1100.101, GAAFR 4-2, NRS 354.596-598)

The use of funds is the established mechanism to meet the objective noted above. A fund reports financial resources which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations. The particular use of a fund can be dictated by laws, regulations, or often as determined at the discretion of the governing board. (GAAFR 4-1&2)

GAAP provides for revenue recognition based on the classification of the underlying transactions which generally falls into two classifications of exchange or exchange-like, and non-exchange. Exchange transactions generally result from fees charged to users for goods or services where the fee is commensurate with the value received by the user. Greens fees at a golf course or the day-use fee at a gym are examples. Non-exchange transactions result when the provider of the resources does not necessarily receive something of equal value in return. Examples include the payment of taxes to fund general government services like community planning and public safety. The classification of the underlying revenue has significant implications on the timing of recognition of a resource (an asset or reduction of a liability) and revenue. It also has implications on the fund-type to be used for the underlying activity. (GAAFR 8-1&2)

There are instances the parties to the services may be willing to receive or pay amounts that are similar, but may not be same, as the value of the underlying goods and services. These transactions are classified as exchange-like transactions. The difference between exchange and exchange-like transactions is a matter of degree. In contrast to a "pure" exchange transaction, an exchange-like transaction is one in which the values exchanged, though related, may not be quite equal or in which the direct benefits may not be exclusively for the parties to the transaction. Nevertheless, the exchange characteristics are strong enough to justify treating the transaction as exchange for accounting purposes. (GASB Cod Sec N50.503)



Exchange and exchange-like transactions are to be recognized as, or over the period when, the underlying service is provided. Non-exchange transaction accounting guidance is provided by GASB Statement No. 33 which generally provides for asset recognition when a resources are received or at the time a legal right to resources exist, and revenues recognized when all eligibility criteria are met securing the entity's right to the resources.

There is diversity in practice in the application of existing guidance with transactions that are not pure exchange or non-exchange. As a result, GAAP requires management to set a policy to be consistently applied as to the nature of transactions considered program revenues for its governmental activities, and operating revenues for its business-type activities and to disclose the policy in the footnotes to the financial statements. From review of past CAFR's, we did not find a disclosure specific to the revenue classification of the District's Facility Fees. (GASB Cod Sec 2300.106)

In the government-wide statement of activities, revenues are to be classified as either program or general. Program revenues are defined as those directly associated with the function or program and would disappear if the function or program were eliminated. Examples include fees and charges paid by those who purchase, use, or otherwise directly benefit from the service, program-specific grants and contributions restricted to financing the underlying function or activity, and interest earnings on investments restricted to use by a specific function or activity. General revenues are defined as those not directly related to financing a specific function or activity. Examples are taxes, grants and contributions that are not restricted to a specific function or activity, and interest on invested resources not restricted to specific functions or activities. (GASB Cod Sec 2200.136-140)

Evaluation of the District's current Punch Card accounting methodology

We find that the District's Board has the authority to assess the Facility Fees in support of activities and venues reported within the Beach and Community Services as provided in the Board Policies and Ordinances as well as NRS 318.197. Further, the Board has the authority to determine the allocation of the fees in support of operations, capital expenditures and debt service which is memorialized in Board Resolutions and the District's adopted budget. As noted above, the budgeted revenues by fund have included revisions for the District's estimated usage of punch cards among the various recreational activities prior to adoption by the District's Board.

In addition, we find that the District's current contra-revenue accounting methodology results in revenues recognized by the various activities and funds in accordance with the intent of the approved budget, as well as the accounting literature for reporting revenue within the various funds of an entity at the discretion of the governing board.

Further, based on existing guidance available today and on the diversity in practice in the application of revenue classification criteria for certain transactions, we can understand why management has not been able to come to a definitive conclusion on the classification of the District's Facility Fees presumably resulting in the switch in classification after 2015. While the fee is not 'pure' in the same sense as the payment of greens fees for a round of golf, the fee does provide specific rights and privileges to residents to the District's recreational activities along with the District's policy of using the fee, in addition to user charges, to directly finance recreational activity operations, capital needs, and debt service.



One factor that would seem to support management's current classification as 'non-exchange' is the fact that the assessment and payment of the fee lacks the mutual assent of the parties. Residents do not have a choice on the payment of the fee unlike the decision to play golf and incur greens fees. GASB's new revenue and expense recognition project currently under deliberation provides for four criteria to be met for a transaction to be considered exchange or exchange-like including the concept of 'mutual assent' of the parties. This concept is not included in current accounting standards and is being discussed, in part, to provide clearer guidance on what constitutes an exchange transaction. (GASB Revenue and Expense Recognition Preliminary Views Ch 3, par 3)

We find that the classification of the Facility Fees in the government-wide statement of activities since 2015 as a general revenue is inconsistent with GAAP in that the fees are assessed specifically to finance the District's recreational activities. As such, it meets the criteria to be reported as a program revenue in the statement of activities. Further, the fees meet the criteria to be included in the charges for services column in the statement. (GASB Cod Sec 2200.137)

Recommendations.

We recommend ceasing the use of contra-revenue accounting currently applied to the value received for the payment of Facility Fees attributed to the use of picture passes and punch cards. We question the benefits derived compared to cost incurred by the District to administer this approach especially given the Board's authority to allocate the resources they deem appropriate to best meet the needs for the ensuing year through the adopted budget. In addition, eliminating the use of contra revenue accounting will eliminate the variability that results when picture passes and punch cards are utilized differently from preliminary estimates included in the budget thereby providing management more certainty as to actual resources available to finance each activity during the year, and should significantly reduce staff time and effort required to perform the daily and monthly accounting.

We recommend the charges for services revenues be reported within the activities and funds at the net rates collected at each venue, and Facility Fees reported within each fund be consistent with the assessment and allocation initially set by the Board during the budget adoption process.

We recommend the District include its policy on the classification of Facility Fees as either program or general revenue, or, either operating or non-operating, in the footnotes to the financial statements. If the District continues to report its recreational activities within governmental funds, we recommend the fees be classified as program revenues and reported in the charges for services column and on the appropriate lines for the portions related to Community Services and Beach activities. If the District reports the recreational activities in enterprise funds, we recommend the fee be reported as non-operating revenue.



Capital Asset Accounting

Based on input gathered from interviews, documents reviewed, and our evaluation of existing practices compared to applicable accounting standards and best practices, we have the following observations and recommendations.

1	Observation	The District's current accounting practice includes posting certain costs incurred to its construction-in-progress account based on the nature of an expenditure, or services provided to the District by certain employees, without requiring a clear connection of the cost incurred to the increased service capacity of a specific capital asset. The costs posted to construction-in-progress are later transferred and included in the capitalized cost of existing and new capital assets. Further, we found that costs are capitalized without an evaluation of what stage a particular project is in whether a preliminary or feasibility stage, actual construction stage, or post-construction stage. As a result, expenditures incurred in preliminary stages have been capitalized by the District that don't meet current accounting guidance for capitalization.
	Recommendation	The District's practices and policies should be revised to acknowledge different stages to a project, definition of costs incurred in each stage, and how to account for the expenditures incurred in each stage, consistent with established and accepted governmental accounting practices.
2	Observation	The District's past history of capitalizing costs incurred for feasibility studies and master plans is not consistent with with current recognized governmental accounting practice.
	Recommendation	In most cases, the District should expense expenditures for feasibility studies and master plans. Policies should be revised to address the few circumstances where preliminary engineering, architectural, or design costs are actually utilized in a capital project and eligible for capitalization.



3	Observation	The District has historically capitalized repair projects without a complete evaluation of whether the repair truly increased the capacity of the asset to provide service. Board policies currently do not provide sufficient guidance on what constitutes an increase in service capacity for its various types of capital assets.
	Recommendation	Board policies and practices should be revised to provide for capitalization of expenditures that truly increase service capacity, and further, that provide the criteria to be followed in making the increased service capacity decision on expenditures by nature or function of the different asset types versus expenditures that should be expensed.

Observation of current capitalization practices.

From our interviews of various stakeholders, we learned that the District has routinely treated a number of different types of expenditures initially as capital outlays and included in the capital asset account titled 'construction-in-progress'. These costs are allocated to and included with the costs incurred to actually construct a project and reclassified to other capital asset classifications once projects are completed.

Costs initially included in construction in progress include master plans, feasibility studies, and payroll costs for certain District employees like engineers involved in the District's capital asset planning processes. Decisions on whether to include a cost in construction in progress appear to be more from established practice based on the nature of a type of expenditure like engineering staff payroll costs, instead of based on an evaluation of whether the costs were incurred to actually construct a specific asset and without consideration of what stage a project is in.

Board policy 8.1.0 and 9.1.0 establish some of the elements of a framework with which to establish whether an expenditure should be capitalized including the useful life for a particular capital asset. 9.1.0.1.0 provides that an asset must provide utility for two years or more to be eligible for capitalization. 9.1.0.3.0 provides that only expenditures in excess of \$5,000 will be eligible for capitalization.

Board practice 2.9.0.1.2.1 provides that an asset must have a useful life of at least three years to be eligible for capitalization which is inconsistent with the guidance in policy 9.1.0.

Board practice 2.9.0.1.2.4 provides guidance for when repair project expenditures would be eligible for capitalization including the concept of increases to 'productivity' that are necessary in addition to the concept of increasing the useful life.

Applicable capital expenditure and best practice accounting guidance.

There is relatively little material in the accounting standards to provide specific guidance on when it is appropriate to treat an expenditure as a capital. Rather, most of the guidance is based on GASB Concepts Statement No. 4 which provides general concepts only; anecdotal guidance from other standards like the accounting for intangible assets, asset impairments, elimination of the capitalization of interest costs, among others; and what has evolved in practice. Existing guidance defines capital assets as land, improvement to land, easements, buildings, building improvements, vehicles,



machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets including roads, bridges, tunnels, drainage water and sewer systems. (GASB Cod Sec 1400.103)

Accepted practice includes recognition of the different stages of a project including preliminary, construction, and post-construction. Preliminary stage activities include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies, and development of financing alternatives. Construction stage includes the engineering and design work on the chosen alternative, actual construction costs, direct payroll of employees working on the project along with certain overhead, and ancillary charges necessary to get the asset in working condition. Post construction stage includes, among other costs, training of employees on use of a particular asset. (GASB Cod Sec 1400.143-149)

Costs incurred in the preliminary and post-construction stages are typically expensed as they are not directly connected with creating service capacity of a particular asset. A project is not considered to enter the construction stage until an actual project alternative has been selected, it is determined the selected alternative will meet the intended needs and objectives, financing for the project has been identified, and the entity establishes in some meaningful way it is committed to proceed with the project such as, for example, including the financing sources and necessary expenditures in the budget. (GAAFR 23-7 to 9)

Governments often expend resources on existing capital assets. Most often, these expenditures simply preserve the asset's utility and are expensed as routine repairs and maintenance. Any outlay that does no more than return a capital asset to its original condition, regardless of the amount expended, should be classified as maintenance and repairs. Since maintenance and repairs provide no additional value, their cost should be recognized as expense when incurred. (GAAFR 23-10)

Best practices to consider for inclusion in policies and practices include:

- The different stages of a project and the types of costs incurred in the different stages.
- The accounting treatment of costs incurred in the different stages.
- What elements or criteria need to be met for expenditures associated with a repair project to be eligible for capitalization based on the concept of service capacity in addition to the extension of useful life of an asset.
- Provide for a different dollar threshold for the different classifications of capital assets. (GFOA best practices)

Evaluation of the District's current capitalization practices.

We find that the District's practice of capitalizing expenditures incurred in what would meet the definition of the preliminary stage of a project as noted above is inconsistent with the accepted practice. Examples include payments to external consultants and internal staff payroll costs to develop master plans, feasibility studies, and related engineering and overall system planning. Current established practice includes the capitalization of certain costs incurred in a preliminary stage such as engineering, architectural, and design for projects that are actually constructed to the extent those costs would have been necessary for the project in any event.



In addition, we find that the District has capitalized expenditures incurred for repair projects without a careful consideration of portions of the costs incurred that bring the asset back to its previous service capacity and therefore should be expensed, versus the portion of costs that actually increased the service capacity and or significantly increased the asset's useful life. When a particular project has elements of both repairs and improvements, an appropriate portion of the cost should be allocated to repairs and therefore expensed, and a portion to the improvement and capitalized. (GAAFR 27-10)

Further, we found the District's Board policies and practices lacked a framework for recognition and nature of costs incurred in the various stages of a project along with the accounting treatment to be applied with each stage.

Recommendations.

The District's policies and practices should be expanded to provide additional guidance. One area to consider is revisions to recognize, provide descriptions of the types and nature of expenditures incurred in, and provide guidance on how to account for, the various stages of a capital project. The stages should include, at a minimum, preliminary, development or construction, and post-development or construction. Policies should provide guidance for the capitalization of certain engineering, architectural, and design costs incurred in the preliminary stage for projects actually constructed in addition to the costs incurred in the construction stage. Another area to consider is a revision of the dollar thresholds to apply to the different classes of capital assets.

Generally, costs incurred for master plans, feasibility studies, exploration of various project financing alternatives; and all internal payroll costs for engineering, planning, and administrative efforts incurred in what would fall into the preliminary project stage should be expensed when incurred. Only costs incurred in the preliminary stage for projects actually constructed that are necessary project costs and related to adding to service capacity should be eligible for capitalization.

Each project related to an existing capital asset should be carefully evaluated with respect to the objective of the project. For example, determine if the project is part of the ongoing and necessary maintenance to keep the asset in good working order without increasing service capacity and therefore not eligible for capitalization, a repair that was not anticipated but necessary to keep the asset in good working order without increasing the service capacity and therefore not eligible for capitalization, or was the project previously identified as part of an overall plan to increase the service capacity or the overall remaining useful life of the asset and therefore is eligible for capitalization. The policy could provide the criteria to be applied unique to the different classes of capital assets necessary to make the determination on whether a significant increase in service capacity or useful life will result. As an example, policies for road resurfacing might include that laying more than a certain number of inches of new asphalt on an existing road is required to support the service capacity has been increased and the resurfacing project costs are eligible for capitalization. Application of sealants or laying new asphalt of less than a certain depth is considered repairs and maintenance and expensed when incurred.

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winquest
General Manager

VIA: Paul Navazio
Director of Finance

SUBJECT: Audit Report and Final Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2021

DATE: January 22, 2021

I. BACKGROUND

This agenda item has been prepared to transmit to the Board of Trustees the reports from the District's Independent Auditor, Eide Bailly, related to the audit of the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2020.

The final CAFR includes the *Auditor's Report* (page 7), the *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* (page 93), *Auditor's Comments* (page 95) and *Schedule of Findings and Responses* (page 96).

In addition to transmittal of the final CAFR and audit report, the agenda item also includes, via attachments, the *Management Representation Letter* as well as the required Auditor's Communication With Those Charged with Governance (AU-C260 Letter).

Pursuant to the requirements of NRS 354.624(6), the Auditor's Report and final CAFR will be presented to the Board of Trustees at their meeting of January 28, 2021, and subsequently will be filed with the appropriate entities prior to January 30, 2021.

Attachments:

- 1) Management Representation Letter, dated January 22, 2021
- 2) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, including Auditor's reports
- 3) Auditor's Communication With Those Charged with Governance (AU-C260 Letter).



January 22, 2021

Eide Bailly LLP
5441 Kietzke Ln #150
Reno, NV 89511

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, and each major fund, of Incline Village General Improvement District as of June 30, 2020 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Incline Village General Improvement District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 22, 2021.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 29, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.



- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of the uncorrected misstatements aggregated below by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole:

- *To pass on adjusting unearned revenue for ski buddy comp passes and discounted tickets given with Diamond Peak season passes issued prior to 6/30/20.*

Community Service Special Revenue Fund:

Unearned Revenue	110,000
Revenue	110,000

- *To pass on adjusting sick leave retirement not expected to be used with current resources.*

Community Services Special Revenue Fund:

Compensated absences	124,526
Operating expenses	40,851
Fund balances	83,675

General Fund:

Compensated absences	7,040
Operating expenses	2,000
Fund balances	5,040

Beach Special Revenue Fund

Compensated absences	8,000
Operating expenses	2,000
Fund balances	6,000

- *To pass on adjusting the prior year impact of writing off items in CIP to expense.*

Governmental-type Activities:

Fund balance	109,206
Operating expenses	109,206

- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported, if any.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to items reported at fair value:
 - The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have reviewed and approved the various adjusting journal entries, including the restatement noted in the governmental activities on the government-wide financial statements, that were proposed by you for recording in our books and records and reflected in the financial statements.
- We have received and evaluated the correspondence from members of the community regarding the June 30, 2019 CAFR. We have provided you our analysis and conclusions on the points, and believe that the only items needing restatement have been made known to you and reflected in the June 30, 2020 financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have disclosed to you all information that we are aware of regarding fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information that we are aware of regarding allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us, if any.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Incline Village General Improvement District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Incline Village General Improvement District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Incline Village General Improvement District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have reviewed capital assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
- Provisions for uncollectible receivables have been properly identified and recorded.
- The methods and significant inputs and assumptions used to determine fair values of financial instruments are as follows: based on quoted prices in active markets for identical assets or based on significant other observable inputs. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes and are in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the individual fund schedules including budgetary comparisons accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the Supplementary Information noted above in accordance with U.S. GAAP.
- We believe the Supplementary Information noted above, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- There are no significant assumptions or interpretations underlying the measurement or presentation of the Supplementary Information noted above.
- When the Supplementary Information noted above is not presented with the audited financial statements, management will make the audited financial statements readily available to the

intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

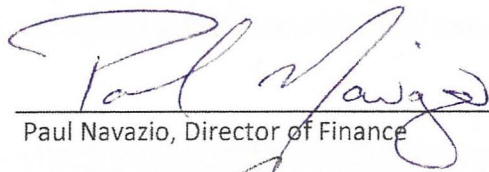
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

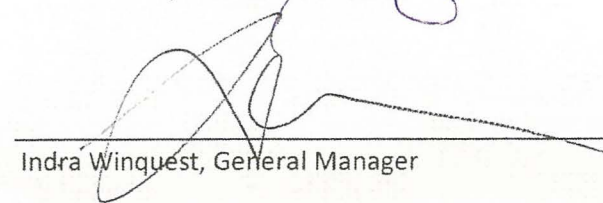
With respect to the management's discussion and analysis and schedule of employer required contributions accompanying the financial statements.

- We acknowledge our responsibility for the presentation of the Required Supplementary Information noted above in accordance with U.S. GAAP.
- We believe the Required Supplementary Information noted above, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- There are no significant assumptions or interpretations underlying the measurement or presentation of the Required Supplementary Information noted above.

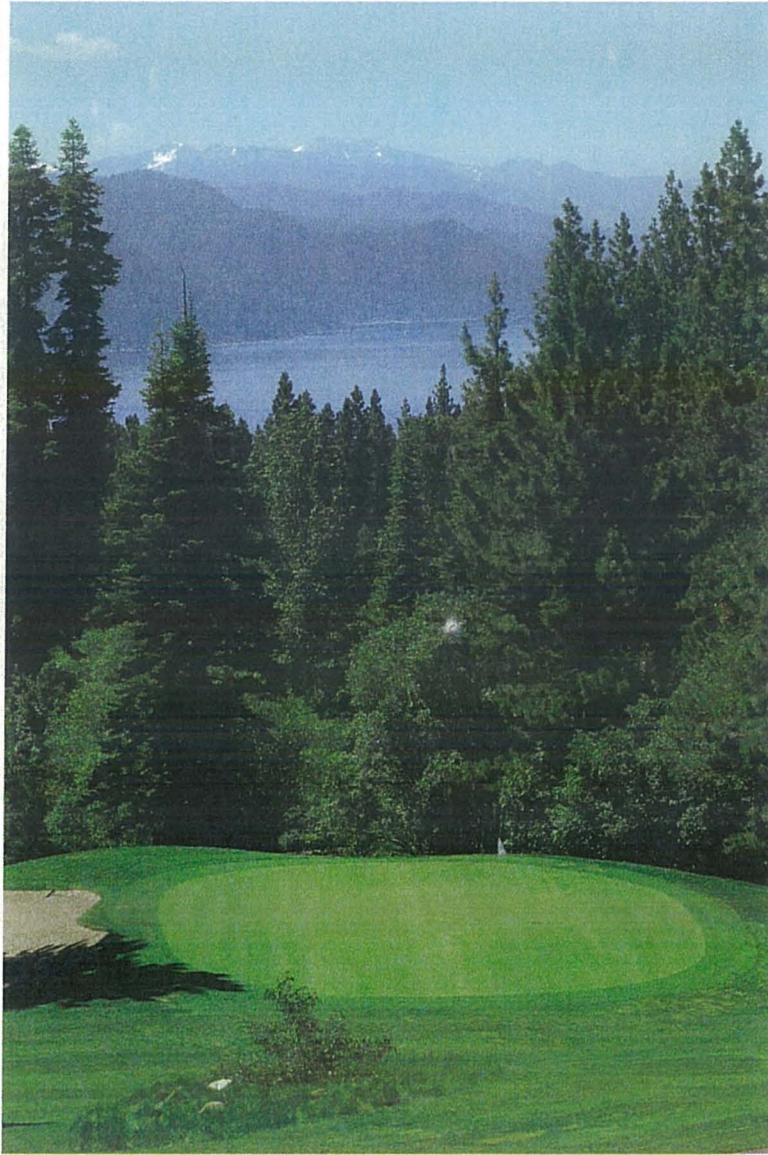
Sincerely,



Paul Navazio, Director of Finance



Indra Winquest, General Manager



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY: DEPARTMENT OF FINANCE & ACCOUNTING



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INTRODUCTION



January 22, 2021

**Board of Trustees for the Incline Village General Improvement District and
Citizens of Incline Village and Crystal Bay, Nevada**

The Incline Village General Improvement District (the District) hereby submits the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020. State law (Nevada Revised Statutes 354.624) requires that local governments provide an annual audit by independent certified public accounts in conformance with generally accepted auditing standards.

This report consists of management's representation of the finances of the District and, as such, management assumes full responsibility for the completeness and reliability of the information contained in this report, consistent with a framework of internal controls established for this purpose. To the best of our knowledge the enclosed information is reported, in all material respects, in a manner intended to fairly represent the financial position as well as changes in financial position of the District.

The District's financial statements have been audited by Eide Bailly, LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the District's financial statements for the fiscal year ended June 30, 2020 are free of material misstatements. The independent audit consisted of examination, on a test basis, evidence supporting the amounts and disclosures reported, assessing the accounting principles applied by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the Incline Village General Improvement District's financial statements for the year ended June 30, 2020 are fairly presented in conformity with generally-accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A), as required supplementary information, follows the Independent Auditor's report and provides a narrative summary and analysis that may assist the reader in interpreting the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with that overview.

Profile of the District

The District was formed in 1961 in accordance with the State of Nevada's Revised Statutes, Chapter 318, pertaining to General Improvement District Law as a body corporate and public and a quasi-municipal corporation in the State of Nevada. The District is located on the northeast corner of Lake Tahoe, in the Sierra Nevada Mountains, and occupies a land area of approximately 15.36 square miles and serves a base population of approximately 9,000 residents.

The District is governed by a five-member Board of Trustees elected by residents of Incline Village and Crystal Bay to serve staggered four-year terms. In accordance with the enabling legislation, the District provides water, waste water, and solid waste services within its boundaries, as well as various recreational amenities including downhill skiing, two golf courses, a multi-use recreation center, tennis facilities, meeting facilities, parks, beaches, playgrounds and other recreation-related programming. The District serves approximately 4,200 water/sewer customers, accommodates over 100,000 skiers, 35,000 golfers, and 170,000 beach users, and oversees a variety of other activities including over 120,000 visits to the Recreation Center annually.

The District adheres to the Local Government Budget Act incorporated within Nevada Revised Statutes, which includes prescribed procedures to establish the budgetary data reflected in these financial statements. Budgets are adopted on a basis consistent with GAAP for all funds. Budgets are adopted for all governmental and proprietary fund types. The District can amend or augment the budget after following procedures prescribed in State statutes. The District Board of Trustees amended the fiscal year 2019-2020 budget to re-establish governmental capital and debt funds for its Community Services and Beach activities. The financial statements included in this report are presented accordingly.

Local Economic Condition and Outlook

Located on the northeast shore of Lake Tahoe, Nevada, near the California border in Washoe County, the District's economy is largely dependent on tourism, centered on summer and winter recreational activities. Due to its location, the

region's economy is closely tied to the California/San Francisco Bay Area economy. The Reno-Sparks Convention & Visitors Authority report at June 2019 indicates the combined room occupancy rate increased 6.3% from last year.

Development within the District is challenged by the availability of parcels for redevelopment. There are commercial projects planned in Crystal Bay. The preliminary development permits for the projects have been approved. The scope of the development will be determined by future events. It is anticipated they will have a positive effect on the area.

Located in Incline Village, Sierra Nevada University (SNU) is Nevada's only private residential four-year liberal arts college which serves the community-at-large and those looking for a unique educational experience. The university has forged a unique partnership with Tahoe Center for Environmental Sciences (TCES). This partnership, between public and private institutions of higher education in two states, includes Sierra Nevada University, the University of California, Davis (UC Davis), the Desert Research Institute (DRI) and the University of Nevada, Reno (UNR).

The 2010 census population of 9,087 reflects an 8% decrease since 2000. Of the District's 7,954 housing units, the Census reports 3,353 for seasonal recreation use. This is 14% more than the number in 2000. The median housing value at June 30, 2020 for single family residence and condo sales for Incline Village and Crystal Bay were \$1,296,000 and \$605,000, respectfully, representing a 7.4% decrease on residence and a 2.3% increase on condos over last year. For the entire Washoe County the values were \$514,670 and \$303,670 respectively. Values in Incline Village and Crystal Bay tend to be higher than Washoe County average and can fluctuate due to both seasonality as well as variability in the "second home" market. Housing demand and prices are expected to be impacted in the short-run as a result of the COVID-19 pandemic both from the trend toward remote working and proximity to California and the housing trends in the Bay Area and Sacramento regions.

The Reno-Sparks June 2020 unemployment rate of 8.7% is well under the State at 15.2%, and is below the national level at 10.2%. These unemployment rates reflect a significant increase over unemployment rates reported in 2019 largely due to the economic impacts of the COVID-19 pandemic.

Lake Tahoe is known as one of the most beautiful regions in the world and as the largest alpine lake in North America, it offers an alpine environment untouchable anywhere else. The pristine beauty of Lake Tahoe draws over three and one-half million visitors annually from around the world. From snow skiing to golfing to boating to gaming, Lake Tahoe is one of the premier resort destinations, offering visitors countless activities. Additionally, Incline Village/Crystal Bay offers a spectacular and serene mountain neighborhood for property owners.

The 2004 Legislature passed Assembly Bill 489 to provide property tax relief which provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence and a higher cap on the tax bill of other properties beginning with the 2005/2006 tax roll in Washoe County. For the fiscal year 2019-2020 the abatement was \$21,199 based on State of Nevada Department of Taxation formulas. The pre-abated Ad Valorem levy was \$2,040,175.

Beginning in 2010, the District has had a portion of its property tax settlements offset to settle a court ordered tax refund by Washoe County. The General Fund was able to meet this obligation while maintaining service levels while the refund was completed. A settlement agreement was reached with Washoe County in the current fiscal year. As part of the settlement, the District is responsible for refunding \$1,359,757. These funds have been restricted within the District's General Fund.

Financial Initiatives

The Board of Trustees establishes policy and direction, within the framework of the District Strategic Plan and its Long Range Principles. The Plan covering the years 2018 to 2020 was adopted May 9, 2018. A point of emphasis of the Strategic Plan includes developing performance measures, stabilizing planning for capital improvements, and enhancing communication at many levels.

Review of District's Fund Accounting Beginning with fiscal year 2015-16, the District transitioned from Proprietary, Enterprise fund accounting to General Government, Special Revenue fund accounting for its Community Services and Beach Activities. In approving the District's 2020-21 annual budget, the Board of Trustees has taken action to direct the District to transition back to Proprietary, Enterprise fund accounting beginning in fiscal year 2021-22. While using the Special Revenue, Capital Projects and Debt Service Fund types the District's financial statements arguably demonstrate how fees and charges collected support operations, capital and debt obligations, a return to Enterprise Fund accounting is expected to better support the District's objective of establishing pricing policies aimed at recovering the full cost of operating District recreational venues, including the costs of capital assets and debt. A Resolution of Intent has been filed with the State of Nevada Department of Taxation relating to this upcoming transition in fund accounting models.

Utility Rates to Support Infrastructure. The District has identified approximately 6 miles of effluent pipeline for replacement over a series of years. This project is expected to cost at least \$15,000,000. Currently, the District is collecting \$2.0 million per year from utility rate charges for this project. The Board has yet to determine, however, if the project will

ultimately be funded with existing resources (pay-as-you-go), or through issuance of utility revenue bonds. A decision on preferred financing plan is expected to inform the District's upcoming utility rate study. In addition, a review of the District's utility fund reserve policy will inform the next rate study. The last increase in water and sewer rates was effective in May, 2019. In part due to the uncertainty associated with the COVID-19 pandemic (and its economic impacts to our residents) the Board did not enact the planned water and sewer rate increases scheduled to take effect in May, 2020.

Policy Direction related to District's Recreation and Beach Facility Fees. The fiscal year 2019-20 marks the tenth year in which the combined fee charged to the majority of parcel owners within the District remained set at \$830 per dwelling unit equivalent. While the fees collected are allocated by the Board to support operations, capital expenditures and debt service, a policy of "smoothing" has been employed to avoid potentially significant variations in the Recreation and Beach facility fees resulting from the timing of major capital projects. The fees continue to be set on the basis of needs identified in the District's Community Services and Beach Master Plans and the multi-year capital improvement plan adopted each year to support implementation of these plans. This policy is consistent with the District's objective of long-term financial planning and fiscal stability.

Commitment of Fund Balances to Priority Capital Projects. The District's recent actions related to establishing its annual Facility Fees and utility rates to support planned future capital projects has resulted in an increase in its unrestricted fund balances and net position within impacted funds. Beginning with fiscal year 2019-20, the Board has begun to take specific actions intended to commit certain fund balances to specific projects. Specifically, as of June 30, 2020, the Board as directed staff to designate a total of \$9,656,890 in utility fund unrestricted net position for the planned Effluent Pipeline Replacement project, with additional funds having been committed in fiscal year 2020-21. The Board is also considering taking action to designate available unrestricted fund balances within the District's Community Service and Beach funds for specific future projects, but for which current fee revenues and available fund balances are anticipated to serve as the funding source for specific projects, acknowledging that specific capital project budget appropriations will occur in future years. The designation of selected fund balances for specific purposes is intended to provide the residents and property owners of the District with a clear sense of the specific projects for which funds are currently being collected and set-aside.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Incline Village General Improvement District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the nineteenth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report would not have been possible without the dedicated service of the entire staff of the accounting department and the District's venues. We wish to express our appreciation to all staff assisting with the preparation of this report. Credit also must be given to the Board of Trustees as well as the Audit Committee for their support and contribution to maintaining the highest standards of professionalism in the management of Incline Village General Improvement District.

Indra S. Winqest
General Manager
Incline Village General Improvement District

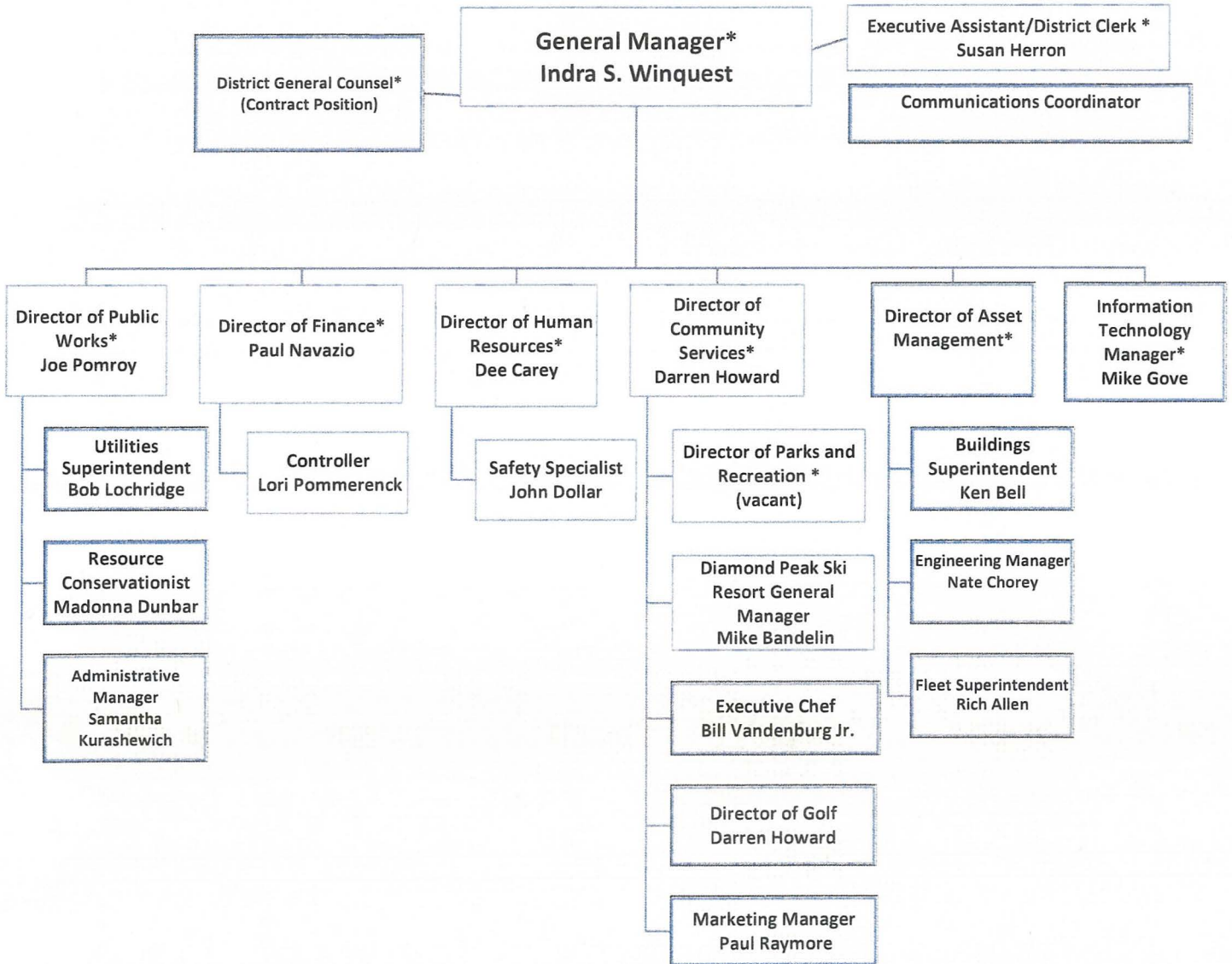
Paul Navazio
Director of Finance
Incline Village General Improvement District



INCLINE VILLAGE AND CRYSTAL BAY COMMUNITIES

IVGID BOARD OF TRUSTEES

Tim Callicrate	Matthew Dent	Kendra Wong	Peter Morris	Sara Schmitz
Term Expires 2022	Term Expires 2020	Term Expires 2022	Term Expires 2020	Term Expires 2020



* Members of the Senior Team

ACHIEVEMENT



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Incline Village General
Improvement District, Nevada**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

This prestigious and national award, presented by the Government Finance Officers Association (GFOA) of the United States and Canada, recognized conformance with the highest standards for preparation of state and local government financial reports.

IVGID received the Certificate of Achievement of Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019

NATIONAL AWARD

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

FINANCIALS



Independent Auditor's Report

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District (the "District"), as of and for the year ended June 30, 2020, 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Community Services Special Revenue Fund, and Beach Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of an Error

As discussed in Note 22 to the financial statements, certain errors resulting in amounts being recorded as construction in progress and capital assets rather than being expensed during prior years were discovered by management during the current year. In addition, certain errors in the recording of unearned revenue for golf passes in prior years were discovered by management during the current year. Accordingly, these errors were corrected in the current year and have resulted in a restatement of net position and fund balance as of July 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 17 and the schedule of employer required contributions on page 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund schedules including budgetary comparisons, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund schedules including budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules including budgetary comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
January 22, 2021

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020**

This section of the Incline Village General Improvement District's (IVGID's) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter, financial statements and notes to gain a more complete picture of the information presented therein.

FINANCIAL HIGHLIGHTS

Financial highlights based on Government-wide Financial Statements, for the year ended June 30, 2020:

- The District's net position as of June 30, 2020 was \$157.96 million and reflects an increase in net position of \$5.66 million over the prior year. Of this amount, a total of \$36.63 million (unrestricted net position) is available to meet the District's future obligations, including future planned capital projects.
- The net position of the District's governmental activities increased by \$4.28 million (to \$79.27 million) and the net position of the District's business-type activities increased by \$1.39 million (to \$78.70 million).
- The District's General Fund reported an ending fund balance, as of June 30, 2020, of \$4.63 million, representing an increase of \$0.86 million over the prior year. Of this amount, a total \$3.11 million represents the unassigned fund balance.
- The District's Community Services Special Revenue Fund ended the year with a fund balance of \$15.28 million, reflecting an increase of \$1.81 million from the prior year; the Beach Special Revenue Fund ended the year with a fund balance of \$2.59 million, reflecting an increase of \$0.78 million from the prior year. The entire fund balance within the District's Community Services and Beach Special Revenue funds are either restricted or committed for future use to support the District's recreational programs and facility improvements.
- As of June 30, 2020 the District had total bond debt outstanding of \$5.22 million including Utility Revenue Bonds outstanding of \$4.08 million and Recreation Bonds outstanding totaling \$1.14 million. The District retired \$0.89 million in bond principal during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which consists of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other Required Supplementary Information and Supplementary Information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources, with the difference 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 District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

timing of the 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.

Both of the government-wide financial statements (*Statement of Net Position* and *Statement of Activities*) distinguish functions of the District as either governmental activities or business-type activities. The governmental activities of the District include administration, recreation and internal service activities. These are supported by general tax revenues, facilities fees assessed on properties within the District as well as charges for services. The business-type activities of the District include utility (water, sewer and solid waste) activities that reflect enterprise operations where a fee for service typically covers all or most of the costs of operations including depreciation and debt service.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over fiscal resources that have been segregated for specific activities. The District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements; as such, the principal role of a fund is to demonstrate fiscal accountability. All of the funds of the District can be divided into two categories: governmental funds and proprietary 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 statement, the governmental fund financial statement focuses on near-term inflow and outflow of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements.

The District maintains multiple governmental funds. Information is presented separately in the governmental fund financial statements for the General Fund, Community Services Special Revenue fund, Community Services Capital Projects and Community Services Debt Service funds, as well as the Beach Special Revenue, Beach Capital Projects and Beach Debt Service funds.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for government 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual budget for each of its governmental funds. A budgetary comparison is provided in order to demonstrate compliance with the approved budget. The budgetary comparison for the District's General Fund and Special Revenue Funds is provided as part of the basic financial statements. Budget comparisons for each of the individual governmental funds are provided as part of the Supplemental Information section of the CAFR.

Proprietary funds. The District operates two types of proprietary funds. *Enterprise funds* are used to report the same functions presented in business-type activities in the government-wide statements. The District uses enterprise funds to account for its Utility Fund. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its maintenance of its fleet of vehicles, buildings maintenance, and engineering functions. The Internal Service Fund is classified as governmental-type activities in the government-wide statement since the most substantial users of these services are activities supported through the District's governmental funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. As a required supplementary schedule the District has prepared a schedule for its Multi-Employer Retirement Plans. Additional supplementary information is provided related to individual funds, providing more detailed budget-to-actual comparisons. These schedules indicate compliance with budgetary constraints and management directives to enhance accountability at the fund and function level. The supplementary information provides schedules to report revenue and expenditure results according to the format required by the State of Nevada Department of Taxation, Local Government Division. In addition, selected statistical information is provided on a five or ten-year basis, as available, for trend and historical analysis. This information addresses a number of the major revenue sources of the District including the Recreation and Beach Facility Fee.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The District's assets exceeded liabilities and deferred inflows of resources by \$157.96 million at June 30, 2020. The largest portion of net position (76.5%) reflects net investment in capital assets (e.g., land, buildings, equipment, construction in progress less accumulated depreciation and bonds that are still outstanding). The District uses these capital assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

**Incline Village General Improvement District
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other assets	\$ 23,052,597	\$ 18,211,423	\$ 14,656,639	\$ 8,207,132	\$ 37,709,236	\$ 26,418,555
Long Term assets	3,983,781	6,656,389	1,859,956	5,843,465	5,843,737	12,499,854
Net Capital Assets	58,797,647	57,639,775	67,287,303	69,158,284	126,084,950	126,798,059
Total Assets	85,834,025	82,507,587	83,803,898	83,208,881	169,637,923	165,716,468
Liabilities						
Current liabilities	5,561,428	5,477,847	1,559,904	1,815,665	7,121,332	7,293,512
Long-term liabilities	763,685	1,131,683	3,546,231	4,084,938	4,309,916	5,216,621
Total Liabilities	6,325,113	6,609,530	5,106,135	5,900,603	11,431,248	12,510,133
Deferred Inflows of Resources						
Deferred inflows	243,026	242,584	-	-	243,026	242,584
Net Position						
Net investment in capital assets	57,665,962	56,147,092	63,202,365	64,549,358	120,868,327	120,696,450
Restricted	142,135	136,993	322,895	316,611	465,030	453,604
Unrestricted	21,457,789	19,371,388	15,172,503	12,442,309	36,630,292	31,813,697
Total Net Position	\$ 79,265,886	\$ 75,655,473	\$ 78,697,763	\$ 77,308,278	\$ 157,963,649	\$ 152,963,751

Governmental activities increased the Districts' net position by \$3.61 million. Activities for the year ended June 30, 2020 contributed \$4.28 million toward ending net position, however this amount was offset by prior year adjustments totaling of \$0.67 million. (The results for Governmental Activities for 2019 do not reflect impact of prior year restatement).

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

Incline Village General Improvement District Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 17,216,811	\$ 23,715,593	\$ 12,564,466	\$ 12,785,742	\$ 29,781,277	\$ 36,501,335
Operating grants	17,000	17,000	-	1,440	17,000	18,440
Capital grants and contributions	1,637,399	267	-	-	1,637,399	267
General Revenues:						
Ad valorem tax	1,722,896	1,622,486	-	-	1,722,896	1,622,486
Consolidated tax	1,719,933	1,690,222	-	-	1,719,933	1,690,222
Facility Fees (Assessed)	6,740,884	6,756,410	-	-	6,740,884	6,756,410
Unrestricted investment earnings	587,208	563,685	298,225	282,484	885,433	846,169
Other	384,429	204,245	(22,332)	15,066	362,097	219,311
Total Revenues	30,026,560	34,569,908	12,840,359	13,084,732	42,866,919	47,654,640
Expenses						
General Government	4,098,970	4,194,237	-	-	4,098,970	4,194,237
Internal Services	-	3,306,507	-	-	-	3,306,507
Utility	-	-	11,495,874	10,554,488	11,495,874	10,554,488
Community Services	19,596,517	20,345,198	-	-	19,596,517	20,345,198
Beach	2,010,669	2,142,259	-	-	2,010,669	2,142,259
Total Expenses	25,706,156	29,988,201	11,495,874	10,554,488	37,202,030	40,542,689
Excess Revenue (Expenses)	4,320,404	4,581,707	1,344,485	2,530,244	5,664,889	7,111,951
Transfers In (Out)	(45,000)	(120,000)	45,000	120,000	-	-
Changes in Net Position	4,275,404	4,461,707	1,389,485	2,650,244	5,664,889	7,111,951
Beginning Net Position, as reported	75,655,473	71,073,766	77,308,278	74,778,034	152,963,751	145,851,800
Prior Period Adjustment	(665,009)	120,000	-	(120,000)	(665,009)	-
Beginning Net Position, as adjusted	74,990,464	71,193,766	77,308,278	74,658,034	152,298,742	145,851,800
Ending Net Position	\$ 79,265,868	\$ 75,655,473	\$ 78,697,763	\$ 77,308,278	\$ 157,963,631	\$ 152,963,751

Major contributors to the increase in net position over the fiscal year included expenses ending the year well below budget across all major functions (including Administration, Ski, Golf, Beach Recreation Center and Programming, Parks and Tennis), as well as spending below budget for Community Services and Beach capital projects.

While revenues through June 30, 2020 across all governmental activities fell approximately \$535,000 below budget, COVID-19-related facility closures and curtailment of recreational programming resulted in expenditure savings that more than offset the unfavorable revenue variance. In addition, deferral of capital projects yielded significant savings within the fiscal year, with over \$2.5 million in unexpended capital budget appropriations being carried forward to the fiscal year 2020/21.

Total governmental activity revenue overall decreased sharply year-to-year in the area of charges for services, driven largely by early closure of the District's ski resort and reduced availability of venues from March through June related to COVID restrictions. (The results for Governmental Activities for 2019 do not reflect impact of prior year restatement).

For the District's government-wide financial statements for fiscal year 2019/20, revenues and expenditures within its Internal Services funds are excluded as these costs are included in the other governmental and business-type functions supported by the Internal Services functions.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

Incline Village General Improvement District Governmental Activities Revenues

	2020		2019	
Property taxes	\$ 1,722,896	6%	\$ 1,622,486	5%
Combined taxes	1,719,933	6%	1,690,222	5%
Charges for Services -Community Services	15,597,229	52%	17,748,644	51%
Charges for Services - Beach	1,619,582	5%	1,492,687	4%
Charges for Services - Internal Services	-	0%	4,474,262	13%
Facility Fees - Community Services	5,774,067	19%	5,781,289	17%
Facility Fees- Beach	966,817	3%	975,121	3%
Operating Grants	17,000	0%	17,000	0%
Capital Grants	1,637,399	1%	267	0%
Unrestricted investment earnings	587,208	2%	563,685	2%
Other revenues/sources	339,429	1%	204,245	0%
Total general revenues	\$ 29,981,560	100%	\$ 34,569,908	100%

The facility fee, assessed on parcel owners, is the most stable of the revenue streams for the District. The facility fee is assessed by the District for recreation and beach privileges and is collected by Washoe County Assessor's office through the real property quarterly billing process. For 2019-20 the District assessed \$5,783,115 in Community Services facility fees and \$968,500 in Beach facility fees.

IVGID Facility Fees

Fiscal Year	Per Eligible Parcel		Total Assessment Roll		District Assessed
	Beach	Community Services	Beach	Community Services	Recreation Facility Fees
2019-20	\$ 125	\$ 705	\$ 968,500	\$ 5,783,115	\$ 6,751,615
2018-19	125	705	969,500	5,788,050	6,757,550
2017-18	125	705	969,500	5,776,770	6,746,270
2016-17	100	730	774,400	5,972,860	6,747,260
2015-16	100	730	774,300	5,972,130	6,746,430

Total governmental activities include the General Fund which provides District wide administration, Internal Services, and Recreation and Beach programming, capital projects and debt service. Expenditures in the General Fund decreased slightly year-over-year due to cost-saving measures implemented in the fourth quarter in response to the COVID-19 pandemic which forced curtailment of District programming and facility access. Cost-savings were achieved through hiring freezes, furloughs of non-essential personnel and deferral of non-essential discretionary expenditures. Internal services expenditures similarly experienced a slight reduction year-over-year, particularly in Building Maintenance, and elimination of the District's Workers' Compensation Fund. Community Services Recreation expenditures reflect an increase of 6.6% over prior year due primarily to timing of capital project expenditures off-setting operating expenditure reduction related to activities impacted by COVID-19. Similarly, expenditures within the District's Beach activities reflect a reduction from prior year due to reduced staffing levels and expenditures in the fourth quarter of the fiscal year.

Business-type activities: Business-type activities increased their net position by \$1.39 million over the past fiscal year. The Utility Fund historically has little fluctuation in its activity from year-to-year, and as an essential service (water, sewer and solid waste) was somewhat insulated from operational impacts related to the COVID-19 pandemic. The Utility Fund's increase in net position continues to result largely from utility rate revenues collected in support of a major pending capital project to replace sections of the effluent pipeline. Capital expenditures for the year were \$1,657,757, while depreciation expense was \$3,367,361. Principal reduction on bonds was \$523,988.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

FINANCIAL ANALYSIS OF DISTRICT FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on current inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance of \$3,110,801 across all governmental funds may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the District's General Fund balance increased to \$4,630,149, with \$159,611 non-spendable, and \$1,359,737 restricted for pending property tax settlement. This results in an unassigned fund balance as of June 30, 2020 of \$3,110,801.

The District's recreational programming is conducted under two activities; they are Community Services and Beach. As a result of a deed restriction, a distinct constituency is served by the Beach fund and thus its inflows and outflows are measured separately to demonstrate compliance. The Community Services Special Revenue Fund Balance increased to \$15,208,913. The Beach Special Revenue Fund Balance increased to \$2,591,632

Budgets are adopted for all governmental funds on a modified accrual basis. The focus of this basis is to capture transactions based on current financial resources. Increases and decreases in financial resources are recognized only to the extent that they reflect near-term inflows or outflows of cash.

General Fund Budgetary Highlights

General Fund functional revenues exceed expenditures by \$1.16 million for the fiscal year ended June 30, 2020; however a \$0.30 million transfer was recorded representing the last allocation of Workers' Compensation self-insurance balances re-allocated to other funds. This results in a net change in fund balance of \$0.87 million as of June 30, 2020.

Selected highlights within the District's General Fund includes:

- Revenues exceeding budget by \$223,523, with the single largest contributor being investment earnings which ended the year \$231,643 above budget.
- General Fund expenditures for the year ended June 30, 2020 were \$2,711,859, or \$1,023,110 below budget (net of Central Services Overhead cost recover). Year-end expenditures were below budget across all General Fund-supported administrative functions, with the largest favorable budget variances in General Administration, Human Resources and Information Technology.
- Capital Outlay expenditures within the General Fund were below budget; however, \$300,000 in capital appropriations were carried forward to fiscal year 2020/21 (related to project to replace the District's Payroll / Human Resources Management System).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Incline Village General Improvement District's investment in capital assets for its governmental and business-type activities, as of June 30, 2020 amounts to \$126,084,950 (net of accumulated depreciation). Investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and recreation facilities. Increases in net capital assets included the Mountain Clubhouse Improvement Project, Incline Park Facility renovations and replacement of vehicles and equipment. Readers desiring more information, with respect to capital asset activity, should see Note 5 to the financial statements.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

Incline Village General Improvement District Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land - Governmental Activities	\$ 17,290,327	\$ 16,971,753	\$ -	\$ -	\$ 17,290,327	\$ 16,971,753
Construction in Progress - Governmental Activities	2,974,576	1,867,843	-	-	2,974,576	1,867,843
Land - Utility Activities	-	-	6,715,544	6,715,544	6,715,544	6,715,544
Construction in Progress - Utility Activities	-	-	1,607,772	1,418,052	1,607,772	1,418,052
Buildings and Improvements	919,213	891,744	-	-	919,213	891,744
Equipment and Vehicles	1,914,479	1,647,472	-	-	1,914,479	1,647,472
Internal services equipment furniture and fixtures	253,869	253,869	-	-	253,869	253,869
Utility service infrastructure	-	-	114,599,557	113,807,857	114,599,557	113,807,857
Utility buildings and improvements	-	-	15,596,832	15,503,863	15,596,832	15,503,863
Utility equipment, furniture and fixtures	-	-	3,882,229	3,696,213	3,882,229	3,696,213
Community services buildings and improvements	66,544,270	63,955,722	-	-	66,544,270	63,955,722
Community services equipment, furniture and fixtures	12,351,359	11,942,698	-	-	12,351,359	11,942,698
Beach buildings and improvements	4,936,463	4,919,537	-	-	4,936,463	4,919,537
Beach equipment, furniture and fixtures	610,457	569,383	-	-	610,457	569,383
Total Cost	107,795,013	103,020,021	142,401,934	141,141,529	250,196,947	244,161,550
Accumulated Depreciation	(48,997,366)	(46,183,760)	(75,114,631)	(71,983,245)	(124,111,997)	(118,167,005)
Capital Assets, Net	\$ 58,797,647	\$ 56,836,261	\$ 67,287,303	\$ 69,158,284	\$ 126,084,949	\$ 125,994,545

Long-term debt: At the end of the current fiscal year, the District had total bonded debt outstanding of \$5.22 million, including \$4.08 million in outstanding Utility Revenue Bonds and \$1.14 million in outstanding Recreation Bonds. Of the total amount of long-term debt outstanding, \$4.28 million comprise debt backed by the full faith and credit of the District, with the source for repayment being revenues from charges for services (including assessed facility fees). The remainder of the District debt, \$0.94 million, represents bonds secured solely by specified utility rate revenue sources.

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	New Issues	Principal Paid	Ending Balance
Governmental Type Activities:				
Bonds Payable;				
Recreation Revenue Supported	\$ 1,498,000	\$ -	\$ 361,000	\$ 1,137,000
Business Type Activities:				
Bonds Payable;				
Utility Revenue Supported	4,608,926	-	523,988	4,084,938
Total	\$ 6,106,926	\$ -	\$ 884,988	\$ 5,221,938

Readers desiring more information, with respect to the District's debt, should see Note 9 to the financial statements.

The District may borrow money and incur or assume indebtedness as provided in Nevada Revised Statutes, Chapter 318, Section 277, so long as the total of all such indebtedness (but excluding revenue bonds and special assessment bonds) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The COVID-19 pandemic, which required curtailment of District program and operations starting on March 16, 2020, continues as a source of uncertainty into the current fiscal year. While the District's FY2020/21 annual budget includes conservative assumptions related to direct impacts of the COVID-19 pandemic on availability and access to District venues, broader economic impacts of the prolonged pandemic on our residents and guests have the potential to further affect District finances in the near term as well providing uncertainty in terms of long-term return to "normal" operations.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2020
(Continued)**

- The District's primary revenue sources continue to be service charges from users, comprised of fees charged by venues at the point of service delivery and a standby charge paid by parcel owners via property tax bills to support availability of facility and services. The standby charge, known as the Facility Fee, is set annually by the Board of Trustees and provides critical funding in support of venue operations, capital improvements and debt. The Board continues to review and set the Facility Fee based on a multi-year capital improvement plan and informed by the District's Strategic Plan.
- Among the priority capital improvement projects is the replacement of several miles of the effluent pipeline transporting treated wastewater from the District's Water Resource Recovery Facility out of the basin. Concurrent with final project design and financing plans being considered by the Board, an updated utility rate study is planned for the current fiscal year to establish rates over to be set over the next five-year planning horizon in support of this project as well as other utility capital investments needs, ongoing operations and establishment of appropriate reserve levels within the District's utility fund.
- The Board of Trustees is in the process of updating its priority projects to support goals of the District's Community Services Master Plan, which includes projects at each of the District's venues, including Diamond Peak Ski Area, Recreation Center, Beach facilities and golf courses. The Board is considering commitment of existing fund balances for projects such as the renovation of the Burnt Cedar Pool as well as potential financing options for projects beyond fiscal year 2021/22.

REQUEST OF INFORMATION

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning the information provided in this report or request for additional financial information should be addressed to the Director of Finance, 893 Southwood Boulevard, Incline Village, Nevada, 89451. This report will also be available on the District's website at www.yourtahoeplace.org.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

BASIC FINANCIALS

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2020**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 16,600,567	\$ 9,415,167	\$ 26,015,734
Short term investments	4,801,614	3,791,702	8,593,316
Receivables:			
Accounts receivable, net	7,165	1,268,002	1,275,167
Interest on investments	33,822	17,560	51,382
Taxes and Fees from Washoe County	38,914	-	38,914
Grants Receivable	371,079	12,881	383,960
Due from other governments	466,730	-	466,730
Inventories	557,257	151,327	708,584
Prepaid items	175,449	-	175,449
Long term investments	3,598,620	1,537,061	5,135,681
Restricted assets:			
Restricted Deposits	385,160	322,895	708,055
Capital assets:			
Land	17,290,327	6,715,544	24,005,871
Construction in progress	2,974,576	1,607,772	4,582,348
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	38,532,744	58,963,987	97,496,731
Total assets	<u>85,834,024</u>	<u>83,803,898</u>	<u>169,637,922</u>
LIABILITIES			
Accounts payable	2,215,584	355,031	2,570,615
Accrued personnel costs	1,587,807	444,160	2,031,967
Accrued interest payable	11,235	54,080	65,315
Due to other governments	17,517	-	17,517
Unearned revenue	1,361,285	167,926	1,529,211
Noncurrent liabilities:			
Due within one year	368,000	538,707	906,707
Due in more than one year	763,685	3,546,231	4,309,916
Total liabilities	<u>6,325,113</u>	<u>5,106,135</u>	<u>11,431,248</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow	243,026	-	243,026
NET POSITION			
Net investment in capital assets	57,665,962	63,202,365	120,868,327
Restricted	142,134	322,895	465,029
Unrestricted	21,457,789	15,172,503	36,630,292
Total net position	<u>\$ 79,265,885</u>	<u>\$ 78,697,763</u>	<u>\$ 157,963,648</u>

The notes to the financial statements are an integral part of this statement.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,098,969	\$ -	\$ -	\$ -	\$ (4,098,969)	\$ -	\$ (4,098,969)
Community Services	19,596,517	15,597,229	17,000	1,637,399	(2,344,889)	-	(2,344,889)
Beach	2,010,652	1,619,582	-	-	(391,070)	-	(391,070)
Total governmental-type activities	<u>25,706,138</u>	<u>17,216,811</u>	<u>17,000</u>	<u>1,637,399</u>	<u>(6,834,928)</u>	<u>-</u>	<u>(6,834,928)</u>
Business-type activities:							
Utilities	11,495,874	12,564,466	-	-	-	1,068,592	1,068,592
Total primary government	<u>\$ 37,202,012</u>	<u>\$ 29,781,277</u>	<u>\$ 17,000</u>	<u>\$ 1,637,399</u>	<u>(6,834,928)</u>	<u>1,068,592</u>	<u>(5,766,336)</u>
General revenues:							
Property taxes					1,722,895	-	1,722,895
Combined taxes					1,719,933	-	1,719,933
Facility Fees (Assessed)					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,433
Gain (loss) on sale of capital assets					23,888	(22,332)	1,556
Insurance Proceeds					243,548	-	243,548
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					<u>11,110,349</u>	<u>320,893</u>	<u>11,431,242</u>
Changes in net position					<u>4,275,421</u>	<u>1,389,485</u>	<u>5,664,906</u>
Net position - beginning, as previously reported					75,655,473	77,308,278	152,963,751
Prior Period Adjustment					(665,009)	-	(665,009)
Net positions, beginning, as adjusted					<u>74,990,464</u>	<u>77,308,278</u>	<u>152,298,742</u>
Net position - ending					<u>\$ 79,265,885</u>	<u>\$ 78,697,763</u>	<u>\$ 157,963,648</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	<u>GENERAL</u>	<u>COMMUNITY SERVICES SPECIAL REV.</u>	<u>BEACH SPECIAL REVENUE</u>	<u>COMMUNITY SERVICES CAP. PROJECTS</u>	<u>BEACH CAPITAL PROJECTS</u>	<u>COMMUNITY SERVICES DEBT SERV.</u>	<u>BEACH DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS								
Cash, cash equivalents and investments	\$ 5,504,558	\$ 16,724,284	\$ 2,646,405	\$ -	\$ -	\$ -	\$ -	\$ 24,875,247
Accounts receivable, net	-	3,632	3,533	-	-	-	-	7,165
Interest receivable on investments	21,821	8,558	3,443	-	-	-	-	33,822
Taxes and Fees from Washoe County	7,146	27,154	4,614	-	-	-	-	38,914
Grants receivable	-	371,079	-	-	-	-	-	371,079
Due from other governments	333,467	113,913	19,350	-	-	-	-	466,730
Inventories	-	487,338	-	-	-	-	-	487,338
Prepaid items	159,611	15,838	-	-	-	-	-	175,449
Restricted deposits	243,026	141,134	1,000	-	-	-	-	385,160
Total assets	<u>\$ 6,269,629</u>	<u>\$ 17,892,930</u>	<u>\$ 2,678,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,840,904</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 219,726	\$ 570,159	\$ 41,381	\$ -	\$ -	\$ -	\$ -	\$ 831,266
Accrued personnel costs	1,176,685	310,954	27,815	-	-	-	-	1,515,454
Due to other governments	-	-	17,517	-	-	-	-	17,517
Unearned revenue	43	1,361,242	-	-	-	-	-	1,361,285
Total liabilities	<u>1,396,454</u>	<u>2,242,355</u>	<u>86,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,725,522</u>
Deferred Inflow of Resources								
Deferred Inflow	243,026	369,662	-	-	-	-	-	612,688
Fund balance								
Non-spendable	159,611	503,176	-	-	-	-	-	662,787
Restricted	1,359,737	141,134	1,000	-	-	-	-	1,501,871
Committed	-	14,636,603	2,590,632	-	-	-	-	17,227,235
Unassigned	3,110,801	-	-	-	-	-	-	3,110,801
Total fund balance	<u>4,630,149</u>	<u>15,280,913</u>	<u>2,591,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,502,694</u>
Total liabilities and fund balance	<u>\$ 6,269,629</u>	<u>\$ 17,892,930</u>	<u>\$ 2,678,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,840,904</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Net Position that are not included in the Governmental Funds Balance Sheet (because):

Total Fund Balance for Governmental Activities	\$ 22,502,694
General Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	3,179,893
Washoe County Property Tax Litigation Settlement	(1,359,737)
Community Services Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	50,895,765
Accrued interest, not to be liquidated from currently available resources	(11,054)
Capital Grants in Deferred Inflows due to collection beyond 60 days	369,662
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(1,118,694)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	5,231
Beach Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	4,657,642
Accrued interest, not to be liquidated from currently available resources	(181)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(18,306)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	84
Internal Services Fund:	
Total Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>162,886</u>
Net Position of Governmental Activities	<u><u>\$ 79,265,885</u></u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Ad valorem taxes	\$ 1,706,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,170
Personal Property Tax	16,724	-	-	-	-	-	-	16,724
Intergovernmental								
Consolidated taxes	1,483,310	-	-	-	-	-	-	1,483,310
Local Government Tax Act	236,623	-	-	-	-	-	-	236,623
Services	-	35,245	-	-	-	-	-	35,245
Charges for Services	-	15,485,428	1,619,582	-	-	-	-	17,105,010
Facility Fees	-	5,774,067	966,817	-	-	-	-	6,740,884
Interfund Services	-	76,558	-	-	-	-	-	76,558
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	-	-	1,637,399	-	-	-	1,637,399
Investment income	432,643	126,143	28,422	-	-	-	-	587,208
Miscellaneous	952	116,042	-	-	-	-	-	116,994
Total revenues	<u>3,876,422</u>	<u>21,630,483</u>	<u>2,614,821</u>	<u>1,637,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,759,125</u>
EXPENDITURES								
GENERAL GOVERNMENT								
Manager	407,666	-	-	-	-	-	-	407,666
Trustees	168,531	-	-	-	-	-	-	168,531
Accounting	395,959	-	-	-	-	-	-	395,959
Information Services	735,979	-	-	-	-	-	-	735,979
Human Resources	34,143	-	-	-	-	-	-	34,143
Health & Wellness	33,532	-	-	-	-	-	-	33,532
Community & Employee Relations	118,664	-	-	-	-	-	-	118,664
Administration	537,961	-	-	-	-	-	-	537,961
Capital Outlay	279,424	-	-	-	-	-	-	279,424
RECREATION								
Championship Golf	-	4,255,618	-	-	-	-	-	4,255,618
Mountain Golf	-	960,547	-	-	-	-	-	960,547
Facilities	-	469,752	-	-	-	-	-	469,752
Ski	-	7,011,524	-	-	-	-	-	7,011,524
Community Programming and Recreation Center	-	2,189,572	-	-	-	-	-	2,189,572
Parks	-	843,619	-	-	-	-	-	843,619
Tennis	-	242,873	-	-	-	-	-	242,873
Recreation Administration	-	572,599	-	-	-	-	-	572,599
Beach	-	-	1,758,394	-	-	-	-	1,758,394
Capital Outlay								
Championship Golf	-	-	-	439,872	-	-	-	439,872
Mountain Golf	-	-	-	1,592,962	-	-	-	1,592,962
Facilities	-	-	-	71,584	-	-	-	71,584
Ski	-	-	-	792,711	-	-	-	792,711
Community Programming and Recreation Center	-	-	-	244,815	-	-	-	244,815
Parks	-	-	-	1,944,812	-	-	-	1,944,812
Tennis	-	-	-	233,778	-	-	-	233,778
Recreation Administration	-	-	-	(261,503)	-	-	-	(261,503)
Beach	-	-	-	-	82,009	-	-	82,009
Debt Service								
Principal	-	-	-	-	-	355,188	5,812	361,000
Interest	-	-	-	-	-	29,166	477	29,643
Total expenditures	<u>2,711,859</u>	<u>16,546,104</u>	<u>1,758,394</u>	<u>5,059,031</u>	<u>82,009</u>	<u>384,354</u>	<u>6,289</u>	<u>26,548,040</u>
Excess revenues (expenditures)	1,164,563	5,084,379	856,427	(3,421,632)	(82,009)	(384,354)	(6,289)	3,211,085
OTHER FINANCING SOURCES:								
Proceeds from Sale of Capital and Intangible Assets	-	44,639	-	-	-	-	-	44,639
Insurance Proceeds	-	243,548	-	-	-	-	-	243,548
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(3,421,632)	(82,009)	3,421,632	82,009	-	-	-
Transfers In (Out) - Facility Fees for Debt Service	-	(384,354)	(6,289)	-	-	384,354	6,289	-
Transfers In (Out) - From (to) Other Sources	(300,000)	241,875	13,125	-	-	-	-	(45,000)
Net change in fund balance	<u>864,563</u>	<u>1,808,455</u>	<u>781,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,454,272</u>
Fund Balance, July 1, as reported	3,765,586	13,333,953	1,810,378	-	-	-	-	18,909,917
Prior period adjustment	-	138,505	-	-	-	-	-	138,505
Fund balance, July 1 as adjusted	<u>3,765,586</u>	<u>13,472,458</u>	<u>1,810,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,048,422</u>
Fund balance, June 30	<u>\$ 4,630,149</u>	<u>\$ 15,280,913</u>	<u>\$ 2,591,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,502,694</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES FOR THE GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities are different because the Governmental Funds account for a flow of resources while the Statement of Activities is on a full accrual basis of accounting:

Total Net Change in Fund Balance for Governmental Funds	\$ 3,454,272
General Fund:	
Capital Assets acquired during the year and capitalized	276,472
Depreciation expense for the fiscal year	(303,432)
Washoe County Property Tax Litigation Settlement	(1,359,737)
Community Services Fund:	
Capital Assets acquired during the year and capitalized	5,122,879
Depreciation expense for the fiscal year	(2,938,157)
Net book value of assets sold	(17,442)
Principal paid on long-term liabilities, including bonds payable	355,188
Beach Fund:	
Capital Assets acquired during the year and capitalized	70,512
Depreciation expense for the fiscal year	(236,888)
Principal paid on long-term liabilities, including bonds payable	5,813
Internal Services Fund:	
Total Change in Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>(154,059)</u>
Change in Net Position of Governmental Activities	<u>\$ 4,275,421</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,170	\$ 8,363
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment earnings	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Total revenues	<u>3,652,899</u>	<u>3,652,899</u>	<u>3,876,422</u>	<u>223,523</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
Manager	456,289	456,289	407,666	48,623
Trustees	216,420	216,420	168,531	47,889
Accounting	958,297	958,297	395,959	562,338
Information Services	1,073,697	1,073,697	735,979	337,718
Human Resources	974,317	974,317	34,143	940,174
Health and Wellness	45,376	45,376	33,532	11,844
Communications	216,673	216,673	118,664	98,009
Administration	474,855	474,855	537,961	(63,106)
Central Services Cost Allocation Income	(1,367,400)	(1,367,400)	-	(1,367,400)
Capital Outlay	686,445	686,445	279,424	407,021
Total expenditures	<u>3,734,969</u>	<u>3,734,969</u>	<u>2,711,859</u>	<u>1,023,110</u>
Excess (deficiency) of revenues over expenditures	<u>(82,070)</u>	<u>(82,070)</u>	<u>1,164,563</u>	<u>1,246,633</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers (Out)	<u>(561,800)</u>	<u>(561,800)</u>	<u>(300,000)</u>	<u>261,800</u>
Total other financing sources (uses)	<u>(706,800)</u>	<u>(706,800)</u>	<u>(300,000)</u>	<u>406,800</u>
Net change in fund balance	(788,870)	(788,870)	864,563	1,653,433
Fund balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,242</u>	<u>\$ 2,304,242</u>	<u>\$ 4,630,149</u>	<u>\$ 2,325,907</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,070,762	\$ (445,559)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Subtotal Charges for Services	15,592,894	15,592,894	15,485,428	(107,466)
Facility Fees	5,783,115	5,783,115	5,774,067	(9,048)
Intergovernmental Services	23,400	23,400	35,245	11,845
Interfund Services	98,210	98,210	76,558	(21,652)
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Investment income	50,000	50,000	126,143	76,143
Miscellaneous - other	110,361	110,361	116,042	5,681
Total revenues	22,298,780	22,298,780	21,630,483	(668,297)
EXPENDITURES				
COMMUNITY SERVICES OPERATIONS:				
Championship Golf	4,703,639	4,703,639	4,255,618	448,021
Mountain Golf	1,027,877	1,027,877	960,547	67,330
Facilities	549,035	549,035	469,752	79,283
Ski	7,565,368	7,565,368	7,011,524	553,844
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551
Parks	891,279	891,279	843,619	47,660
Tennis	270,423	270,423	242,873	27,550
Recreation Administration	444,071	444,071	572,599	(128,528)
COMM. SERVICES CAPITAL OUTLAY				
Championship Golf	653,200	-	-	-
Mountain Golf	2,420,700	-	-	-
Facilities	180,400	-	-	-
Ski	2,770,850	-	-	-
Community Programming and Recreation Center	468,650	-	-	-
Parks	1,028,752	-	-	-
Tennis	1,363,950	-	-	-
COMM. SERVICES DEBT SERVICE				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Total expenditures	27,197,671	17,926,815	16,546,104	1,380,711
Excess (deficiency) of revenues over expenditures	(4,898,891)	4,371,965	5,084,379	712,414
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	-
Total other financing sources (uses)	861,800	(8,409,056)	(3,275,924)	5,133,132
Net change in fund balance	(4,037,091)	(4,037,091)	1,808,455	5,845,546
Fund Balance, July 1, as previously reported	13,183,167	13,183,167	13,333,953	150,786
Prior Year Adjustment	-	-	138,505	138,505
Fund Balance, July 1, as adjusted	13,183,167	13,183,167	13,472,458	289,291
Fund balance, June 30	\$ 9,146,076	\$ 9,146,076	\$ 15,280,913	\$ 6,134,837

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees	968,500	968,500	966,817	(1,683)
Investment earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
EXPENDITURES				
BEACH RECREATION:				
Beach - Operations	2,109,190	2,109,190	1,758,394	350,796
Capital Outlay	990,050	-	-	-
Debt Service				
Principal	5,812	-	-	-
Interest	477	-	-	-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,394</u>	<u>350,796</u>
Excess (deficiency) of revenues over expenditures	<u>(625,729)</u>	<u>370,610</u>	<u>856,427</u>	<u>485,817</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	13,125	13,125
Operating Transfers (Out) - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers (Out) - Debt Service	-	(6,289)	(6,289)	-
Total other financing sources (uses)	<u>-</u>	<u>(996,339)</u>	<u>(75,173)</u>	<u>921,166</u>
Net change in fund balance	(625,729)	(625,729)	781,254	1,406,983
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,632</u>	<u>\$ 1,468,190</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,415,167	\$ 125,554
Short term investments	3,791,702	-
Accounts receivable	1,268,002	-
Interest receivable	17,560	-
Grants receivable	12,881	-
Inventories	151,327	69,919
Total current assets	14,656,639	195,473
Noncurrent assets:		
Investments - long-term	1,537,061	-
Contractual deposits	100	-
Restricted deposit for debt service reserve	229,223	-
Restricted for TRPA Deposits	93,572	-
	1,859,956	-
Capital Assets		
Land	6,715,544	-
Construction in progress	1,607,772	-
Buildings and structures	15,596,832	-
Improvements and Infrastructure	114,599,557	-
Equipment and vehicles	3,882,231	253,869
Total capital assets	142,401,936	253,869
Less: accumulated depreciation	(75,114,633)	(189,522)
Total capital assets (net)	67,287,303	64,347
Total noncurrent assets	69,147,259	64,347
Total assets	83,803,898	259,820
LIABILITIES		
Current liabilities:		
Accounts payable	355,031	24,581
Accrued personnel costs	444,160	72,353
Accrued interest payable	54,080	-
Unearned revenue	167,926	-
Current maturities of long-term debt	538,707	-
Total current liabilities	1,559,904	96,934
Non-current liabilities:		
Non-current long term debt	3,546,231	-
Total liabilities	5,106,135	96,934
NET POSITION		
Net investment in capital assets	63,202,365	64,347
Restricted	322,895	-
Unrestricted	15,172,503	98,539
Total net position	\$ 78,697,763	\$ 162,886

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
OPERATING REVENUES		
Sales and fees	\$ 12,396,967	\$ -
Interfund services	167,499	2,623,819
Total operating revenues	12,564,466	2,623,819
 OPERATING EXPENSES		
Wages and benefits	4,151,482	1,976,675
Cost of goods sold	4,815	-
Services and supplies	2,107,062	763,514
Defensible Space	97,876	-
Central Services Cost	353,700	-
Insurance	185,410	13,686
Utilities	894,515	11,442
Professional fees	221,815	-
Depreciation	3,367,361	12,561
Total operating expenses	11,384,036	2,777,878
Operating income	1,180,430	(154,059)
 NONOPERATING REVENUES (EXPENSES)		
Investment earnings	298,225	-
Loss on sales of assets	(22,332)	-
Interest on bond debt	(111,838)	-
Total nonoperating revenues (expenses)	164,055	-
Income before transfers and contributions	1,344,485	(154,059)
Transfer In (Out)	45,000	-
Change in net position	1,389,485	(154,059)
Total net position, July 1	77,308,278	316,945
Total net position, June 30	\$ 78,697,763	\$ 162,886

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 12,352,585	\$ -
Receipts from interfund services provided	167,499	2,623,819
Payments to suppliers	(4,055,051)	(776,407)
Payments to employees	(4,051,848)	(2,157,695)
Net cash provided (used) by operating activities	<u>4,413,185</u>	<u>(310,283)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer (to) from other funds	<u>45,000</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>45,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,529,939)	-
Proceeds from sale of assets	11,227	-
Payments on capital debt	(523,988)	-
Interest expense	(119,145)	-
Net cash provided (used) by capital and related financing activities	<u>(2,161,845)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted investments released (increased)	(6,284)	-
Investments purchased	(1,302,993)	-
Long-term investments matured	3,749,128	-
Investment earnings	312,774	-
Net cash provided (used) by investing activities	<u>2,752,625</u>	<u>-</u>
Net change in cash and cash equivalents	5,048,965	(310,283)
Cash and cash equivalents, July 1	<u>4,366,202</u>	<u>435,837</u>
Cash, cash equivalents and investments, June 30	<u>\$ 9,415,167</u>	<u>\$ 125,554</u>

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type	
	Activities	Governmental
	Enterprise	Activities
	Utility	Internal
	Fund	Services Fund
	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,180,430	\$ (154,059)
Non-cash adjustments -		
Depreciation	3,367,361	12,561
Increase (decrease) in cash from changes in:		
Accounts receivable	(63,379)	-
Inventory	3,066	32,115
Prepaid expenses	188,880	13,907
Accounts payable	(381,804)	(33,787)
Accrued personnel costs	99,634	(181,020)
Unearned revenue	18,997	-
Total adjustments	<u>3,232,755</u>	<u>(156,224)</u>
Net cash provided (used) by operating activities	<u>\$ 4,413,185</u>	<u>\$ (310,283)</u>

The notes to the financial statements are an integral part of this statement.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Incline Village General Improvement District (the “District”) operates under provisions of the Nevada Revised Statutes (NRS), Chapter 318. Under the law, this General Improvement District has been granted authority by Washoe County to provide water, sewer and solid waste services, and recreational facilities and programs for the benefit of individuals owning property or residing within its geographical boundaries. The unincorporated rural areas of Incline Village and Crystal Bay, Washoe County, Nevada are within these boundaries.

The District is governed by a board of five publicly elected trustees. The District is not included in any other governmental reporting entity. The District is a legally separate government and it is fiscally independent of any other governmental entity. The District is not financially accountable for any other entity.

B. Basic Financial Statements - Government-wide financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts – net investment in capital assets, restricted; and unrestricted.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who receive a direct benefit from goods or services. Grants and contributions are restricted to meeting the operational or capital requirements of a function. General revenues reflect items that are not included as either program revenue or grants and contributions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants.

C. Basic Financial Statements - Fund financial statements

The financial transactions of the District are reported in individual purpose based fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and proprietary funds. The District has no fiduciary funds. Major funds for each fund type are presented as separate columns in the fund financial statements.

D. Measurement Focus/Basis of Accounting – Fund financial statements

The measurement focus describes the types of transactions and events that are reported in a fund’s operating statement. Basis of accounting refers to the timing of revenues and how expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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. 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 under the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. The Proprietary funds utilize the accrual basis of accounting.

The District's internal services are presented in the proprietary fund's financial statements. The principal users of Internal Services (Fleet, Engineering and Buildings) are the District's utility and recreation program activities. All Internal Services are considered a governmental - type activity for the Government-wide financial statements. The majority of utilization of internal services is by the Utility Fund, Community Services and the Beach funds. The effect of inter-fund activity has not been eliminated from the Government-wide financial statements.

The District uses the following funds (all considered Major):

Governmental Funds -

General Fund - is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund's primary function is to provide general administration for all other functions.

Community Services – providing recreation to approximately 8,200 parcel owners, their guests and visitors.

- Special Revenue Fund – operation of golf, event facilities, downhill skiing, recreation and fitness programs, parks and tennis
- Capital Projects Fund – capital projects related to recreation functions
- Debt Service Fund – debt service related to recreation functions

Beach – providing beach, picnic areas, boat launching and swimming pool programs to approximately 7,700 parcel owners and their guests.

- Special Revenue Fund – operations of beach functions
- Capital Projects Fund – capital projects related to beach functions
- Debt Service Fund – debt service related to beach functions

Proprietary Funds -

Enterprise Funds - The Enterprise Funds are used to account for operations of the District's Utility Departments. **Utility Fund** – providing water, sewer, solid waste and recycling services to approximately 4,100 customers.

Internal Service Funds – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the District. The District provides Fleet, Engineering, and Buildings Maintenance which includes repair and maintenance of the District's vehicles and equipment, engineering services, and buildings maintenance. The Fleet, Engineering and Buildings Maintenance Departments also collectively provide planning, inspection, construction and maintenance for the District's structures and equipment.

E. Budgets and Budgetary Accounting

The District adheres to the Local Government Budget Act incorporated within Chapter 354 of the Nevada Revised Statutes, which includes the following major procedures to establish the budgetary data reflected in these financial statements.

1. On or before April 15, 2019, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held after the third Monday in May. On May 22, 2019, at a public hearing, the Board adopted a final budget. On or before June 1, 2019 the final budget was filed with the Nevada Department of Taxation.

2. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all funds. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Budgets are adopted for all governmental and proprietary fund types. The governmental fund type budgets are adopted on a modified accrual basis and the proprietary funds types budgets are adopted on an accrual basis. The District can amend or augment the budget after following State Statutes and, if necessary, public hearing procedures. The District did not augment its budget for the 2019-20 fiscal year. However, the Board amended the fiscal year 2019-20 budget, in accordance with NRS 354.598005 to re-establish use of separate Capital and Debt funds for Community Services and Beach activities. As a result, budgeted and actual revenues and expenditures were reallocated across the respective funds.

3. The legal level of budgetary control is at the fund level. Appropriations are adopted at the function level. Management has no amendment authority without the District's Board approval. Generally, the expenses in the proprietary funds also may not exceed appropriations. While management has flexibility to change the operating budgets of the proprietary funds but in practice rarely does so. Statutes do not require that enterprise fund capital outlay, debt service payments and other non-operating cash transactions, normally reflected in the balance sheet of the proprietary funds, to be limited by the budget.

4. The District also presents select cash flow information in order to reflect all resources being used to provide for capital outlay, debt service payments and other transactions particularly in proprietary funds. This supplemental disclosure allows the District to identify the extent of current year items that are being paid from previously funded resources. The presentation includes items according to character and object. It also provides the Nevada Department of Taxation with requested information that compares to amounts reported on their budget forms.

F. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition that are held for routine expenditures.

District Funds share bank accounts for operations, payroll and reimbursements. Activity between funds occurs in the regular activities of the District. The General Fund issues accounts payable and payroll and related benefits for all funds. To the extent payment has not occurred, but the cost was realized by the benefitted fund, internal balances for Due from or to Other Funds are established. These are cleared monthly through pooled cash. The combined pooled balances are monitored to assure no fund makes temporary loans to another, within the context of Nevada Revised Statute 354.6118.

Short-term investments reflect items held with maturities within one year. These are predominantly certificates of deposit and agency issues. These provide funds for capital projects.

Long-term investments reflect items held with maturities beyond one year. These include certificates of deposit and instruments issued by the Federal Government or its agencies.

Nevada Revised Statutes authorize the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government investment pool (LGIP) (operated by the Nevada State Treasurer); negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days.

Funds on deposit with LGIP are considered cash and cash equivalents. Even though the weighted average maturity of the underlying investments in the LGIP are greater than 90 days, the District can liquidate its deposits within a few days. The District has reported these deposits at cost plus accrued interest, which approximates fair value.

The District's investments are stated at fair value as of the reporting date. These are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based in the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted

prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

Certificates of Deposits valued at quoted market prices (Level 1 inputs)

G. Receivables

Receivables reflected in the District's basic financial statements include monies due from other governments, grants receivable as well as other accounts receivable.

Due From Other Governments. Property taxes are levied no later than July 10 of each year on property values assessed for the same year. The taxes may be paid in four installments as follows: the first installment is due on or before the third Monday in August, the second installment is due on or before the first Monday in October, the third installment is due on or before the first Monday in January, and the fourth installment is due on or before the first Monday in March. If payment of the taxes is not made within ten days following the day the installments become due, penalties are assessed in accordance with NRS 361.483. Once the installments become delinquent, interest is added at the rate of 10 percent per annum. Taxes levied become a perpetual lien against the property assessed until the tax and any penalty charges and interest which may accrue thereon are paid. Washoe County assesses the property tax, bills, collects, and distributes the property tax revenue.

The District also receives certain tax revenues in the General Fund which are collected by the State of Nevada. These settlements arrive within 60 days of the month close when they are generated. The amounts are listed as Due from Other Governments. The District also has an operating grant from Washoe County, received monthly in arrears. The uncollected balance of this grant is carried in Due from Other Governments.

Grants Receivable. The District has been awarded grants to finance the construction of various utility infrastructures, restoration of a creek zone and to upgrade a ballfield. These funds are earned when requisite construction costs are incurred. The District has recognized funds earned but not collected by a Grants Receivable.

Other Receivables. Accounts receivable reflects service charges to customers and resident for deposits or fees that are earned, but not collected. An allowance for doubtful accounts is considered and at present, the allowance totals \$24,393. The District may file a tax lien for uncollected utility service fees.

H. Inventory and Prepaid Items

There are no inventories in the General Fund. Inventories of items for resale for Community Services Special Revenue and Proprietary Funds are stated at the lower of cost (first-in, first-out) or market.

Certain payments are made to vendors for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. They are recognized under the consumption method when used.

I. Restricted Assets

The District has restricted several deposits for the benefit of other agencies in connection with performance under a retail operation, construction projects, and debt service. These agencies establish the restriction by regulation or agreement. For the fiscal year ended June 30, 2020 monies within the General Fund fund balance are shown as restricted as a result of a pending settlement agreement related to a property tax dispute files with Washoe County by Incline Village property owners.

J. Capital Assets

Capital assets include land, buildings, machinery and equipment, or water rights which are reported in the applicable governmental or business-type activities column in the government-wide financial statements. If purchased or constructed, all capital assets are recorded at historical cost. Donated capital assets are valued at acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the

value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets (all categories except land and construction in progress) is charged as an expense against each fund's operation. The District's policy is to capitalize assets with a normal useful life of three or more years.

The District holds 4,272 Acre Feet of Water Rights. This represents about 1,405,000,000 gallons. The District's historical records cannot separately identify the cost of water rights from land.

Activities of the General Fund include District administration, accounting and finance, information systems and technology, human resources, risk management, the General Manager's office, communications and the Board of Trustees. The land, buildings, furniture and equipment, including technology assets, represent items used in common by all of the activities of the General Fund at the District's administrative office. The computers and technology represent equipment of the Information Systems & Technology (IST) department that services the needs of the entire District. These assets are presented as a part of government-wide net assets.

Activities of the Community Services Special Revenue Fund include two 18-hole golf courses, a large and small meeting facility, a ski resort, a recreation center, parks, tennis center, a skateboard park and green spaces. Venue improvements includes the cost of developing program ready locations.

Activities of the Beach Special Revenue Fund includes three beaches with restricted access. One has a watercraft launch ramp and storage areas for paddleboards and kayaks. Two beaches have concession stands and playground areas. One beach provides swimming and wading pools.

Utility capital assets include traditional distribution lines, tanks, pumps and treatment. However, since the District is located in the Lake Tahoe Basin, the number of pumps, tanks and export lines is increased due to the requirements to manage in a mountainous and environmentally sensitive area.

The District has a number of Construction in Progress items related to major projects that span multiple fiscal years as well as the fact that the fiscal year-end falls in the middle of the active acquisitions season. The District accumulates costs through a series of pre-design, design and acquisition stages.

Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method. Estimated lives and capitalization thresholds of major classes of depreciable assets are as follows:

<u>Asset Category</u>	<u>Depreciable Life</u>	<u>Capitalization Threshold</u>
Buildings and Structures	30 - 50 years	\$10,000
Improvements and Infrastructure	10-50 years	\$10,000
Equipment and Vehicles	3-20 years	\$ 5,000

With its location within the Lake Tahoe Basin, Defensible Space is an important function for the District. This is generally accomplished through contracts with the North Lake Tahoe Fire Protection District serving essentially the same geographic area as the District. Defensible Space expenditures range from clearing the understory to major tree removal and fuels reduction. The goal of the program is to create a "halo" around the community restricting the movement of wildfire in or out of the community. The substance of those efforts removes vegetation and other fuels as they accumulate. The degree of work in any given area rotates over time based on conditions as assessed by the Fire District. Much of the funding for the effort comes from other governments on a Federal, State and local level. The IVGID contribution is focused on treatment of District owned parcels. The District budgets to provide resources for its share of contracted expenditures. The work provides an ongoing benefit, but the District expenses all costs as incurred.

K. Amortization of Bond Discounts

The discounts on bonds sold are being amortized to expense over the term of the bonds. Bonds payable are reported net of related discounts.

L. Compensated Absences and Accrued Personnel Costs

Full-time employees are provided vacation benefits that specifically relate to tenure with the District. After six months of service, employees are entitled to their vested vacation leave upon termination. The liability for vacation benefits is recognized with an expenditure or charge to the appropriate fund and activity as earned.

The District pays payroll every two weeks. Any District payroll earned as of month end is accrued based on the number of days attributed to that month to the total 14 days paid with the next scheduled payroll. Liabilities for fringe benefits and other costs, such as taxes, are also accrued on the same method.

The District has adopted a plan under which certain retirees, who have met specific service requirements, can roll unused sick leave pay to cover medical expenses after retirement. Otherwise, sick leave is not vested.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that will apply to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

N. Unearned Revenue and Refundable Deposits

The District's Utility Fund reads meters in 3 cycles over the course of a month. Billing occurs once a month. Billings for the next cycle are also reconciled with actual usage. Funds received for the Tahoe Water Suppliers Association are recognized only to the extent expended and may roll over to the next year.

The District's Community Services Fund recognizes unearned revenue to the extent it has issued user passes, gift or payment cards that can be applied to future purchases. There also are advance deposits made to reserve dates for facility rentals or program registrations. User passes expire with a stated season.

O. Long-Term Debt

In the government-wide financial statement, and proprietary fund financial statements, long term debts are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statements net of related discounts. Bond discounts are amortized using the straight-line method and are amortized over the term of the related debt.

P. Fund Balance

In the fund financial statements, fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include "non-spendable" which are not expected to be converted to cash, such as inventory or prepaid items, "restricted" by conditions of law, regulation grants or contract with external parties, "committed" which arise from formal acts of the District's Board, "assigned" which reflect an intent by management of the District or "unassigned" which is the residual amount. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District, which can act by their resolution, prior to the end of the fiscal year, and thus commit and/or assign fund balance. Once adopted, the limitation imposed by the Board of Trustees remains in place until a similar resolution is taken to remove or revise the limitation.

The District's Board of Trustees has adopted Policy 7.1.0 and Practice 7.2.0, establishing policy related to appropriate level of fund balance, as follows:

General Fund - must meet the minimum balance requirements (4.0% of prior year expenditures) required under Nevada Administrative Code Section 354.650.

Special Revenue Funds - 25% of the fiscal years' operating expenditures (based on the current adopted budget) other than capital expenditure and debt service.

Proprietary Fund Types:

- Utilities Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
- Internal Services - 25% of operating expenses for the fiscal year based on the current adopted budget. (This level of fund balance was not achieved for the fiscal year ending June 30, 2020).

The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed when amounts are available for the same use. The District's Governmental fund types first utilizes committed resources as authorized, then assigned and then unassigned when amounts are available for the same use.

Q. Net Position

In the Proprietary fund and the government-wide financial statements, net position is presented in one of three classifications: net investment in capital assets, restricted and the residual unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances on bonds that are attributable to the acquisition, construction or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. The unrestricted component of net position is the net amount of assets and liabilities not included in the determination of net investment of capital assets or the restricted component.

R. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

S. Central Services Cost Allocation

The District allocates the shared costs of Accounting and Human Resources based under a Board-approved plan, adopted each year with the budget. The cost allocation plan considers full time equivalent staffing-levels, wages, benefits, and certain services and supplies as a basis for determining charges. The charges are based on budgeted expenses. The revenue generated by the allocation is recorded as an offset to General Government expenses (for Human Resources and Accounting) in the governmental funds statements.

T. Accounting for Facility Fees

Each year, the District establishes an annual Recreation Facility Fee and Beach Facility Fee to be collected from property owners within the District through a levy placed on the property tax bill and collected on behalf of the District by the Washoe County Treasurer's Office. These fees are established based on the revenues required to support debt, capital expenditure and operations for the District's various recreation and beach facilities. These revenues, combined with service charges collected by the District for facility use and program activities serve to support the operations of the District. These revenues are recorded as general revenues within the government-wide statement of activities as opposed to charges for services. The Facility Fees are recorded as revenues to the Community Services Special Revenue Fund and the Beach Special Revenues fund, with subsequent transfers to Capital and Debt fund, as required, to support actual expenditures.

U. Punch Cards Utilized

Under District Ordinance 7, parcel owners may use a portion of the value of their recreation passes to pay down the difference between a regular rate and the resident rate for certain types of recreational fees. These forms of payment are presented as contra revenue in the Fund statements. Utilization is recognized based on the relationship of privileges used to total facility fee paid by the parcel. Under the 2019-20 budgeted fee structure, this is 85% to Community Services Special Revenue Fund and 15% to the Beach Special Revenue Fund. Contra-revenues related to Punch Card utilization are only recorded on transactions involving Punch Cards with Beach Access. No contra-revenues are recorded for transactions involving Punch Cards with no Beach Access, nor are they recorded for transactions using additional Punch Cards purchased by property owners throughout the year.

DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

2. COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The District conforms to all applicable statutory constraints on its financial administration.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District's checking deposits was \$1,843,928 while the bank balance was \$2,028,104. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Coverage and the balance was covered by pledged collateral under an arrangement with the State of Nevada on behalf of all local units of government.

Cash and Cash Equivalents at June 30, 2019 consist of:

Operating Checking Accounts	\$1,843,928
Petty cash and change funds	56,803
Nevada Local Government Investment Pool (average weighted maturity of 130 days)	
General LGIP Account	12,865,999
Utility LGIP Account	5,427,563
US Government Money Market	<u>5,821,441</u>
Total Cash and Cash Equivalents	<u>\$26,015,734</u>

A portion of the District's investments are placed with Wells Fargo Bank as custodian in the US Government Money Market, where fair value is determined by multiplying the number of trading units held, by the quoted market value on that date.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The District's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares.

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The District has adopted a formal investment policy that meets those limits and maturities for its investment choices. Essentially those investments are brokered certificates of deposit and government agencies.

The District categorizes its fair value measurements for investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

Fair Value Measurements as of June 30, 2020

	Level 1	Total
Certificates of Deposit	\$ 13,728,997	<u>\$ 13,728,997</u>
Interest Bearing Amounts - Investments		13,728,997
LGIP at Net Asset Value (Cash Equivalent)		18,293,562
LGIP Restricted Deposits at Net Asset Value		<u>458,854</u>
Total Fair Value Measurements		<u>\$ 32,481,413</u>

Investment Maturities by Investment Type as of June 30, 2020

	2021	2022	2023	Total
Certificates of Deposit	\$ 8,593,317	\$ 5,135,680	\$ -	\$ 13,728,997
LGIP as a Cash Equivalent	18,293,562			18,293,562
LGIP - Restricted Deposits	458,854			458,854
All Investment Types				<u>\$ 32,481,413</u>

Investment Maturities by Activity as of June 30, 2020

	Governmental Activities	Business Type Activities	Total
Short Term	\$ 4,801,614	\$ 3,791,702	\$ 8,593,316
Long Term	3,598,620	1,537,061	5,135,681
LGIP as a Cash Equivalent	12,865,999	5,427,563	18,293,562
LGIP - Restricted Deposit	136,059	322,795	458,854
Total Investment Activity Type	<u>\$ 21,402,292</u>	<u>\$ 11,079,121</u>	<u>\$ 32,481,413</u>

Interest Rate Risk - To the extent possible, the District's portfolio shall remain sufficiently liquid so as to support near-term operating and capital expenditures. In so doing, the portfolio will have limited interest rate risk associated with long-term investments.

Credit Risk – The District's Investment Policy is based on the Uniform Prudent Investors Act and Nevada Revised Statutes 355.170 (NRS). The NRS authorizes the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government pooled investment fund; negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days. Diversification of the District's investments is guided by the Uniform Prudent Investors Act.

Custodial Credit Risk – The District Investment Policy requires FDIC coverage or collateralization on deposit-type securities. The District's cash accounts on deposit with financial institutions were covered by federal depository insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

Concentration Credit Risk – The District Investment Policy calls for diversification without setting maximum allocations. The District invests in Federal government-sponsored enterprises (GSE) for safety and to meet statutory requirements. Individual CD's are held with a number of banks at or under the FDIC insured limited calculated by those institutions. LGIP is an unrated external investment pool administered by the State Treasurer, with oversight by the State of Nevada Board of Finance.

4. RESTRICTED DEPOSITS

The State of Nevada requires a deposit for sales tax collection and electronic filing of \$6,075, for a retail location in non-District owned premises.

On September 13, 2017 the District's Board of Trustees approved a settlement agreement relative to ongoing litigation with a member of the public. Under this agreement, damages awarded by the Washoe County District Court are held in a segregated account in the District's name until the Nevada Supreme Court Appeal is completed. The amount of the deposit was \$242,584 and now stands at \$243,026.

The assets of the EPA State Revolving Fund (SRF) Reserve may be used to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is in the account at the District's discretion. The EPA SRF

Reserve is in the LGIP Account totaling \$229,223. The assets in the TRPA (Tahoe Regional Planning Authority) Reserve may be used to satisfy performance obligations on projects authorized by the TRPA. These usually cover several years for construction and inspection phases. The total required deposits are \$211,778, and interest earned is in the account at the District's discretion. The TRPA Project Reserve is in the LGIP Account totaling \$229,631:

Deposit with State of Nevada for Sales Tax	\$ 6,075
Building Deposit held by Parasol Tahoe Foundation	100
Litigation Damage Deposit held by the District	243,026
LGIP Restricted Deposits (SRF & TRPA)	<u>458,854</u>
Total Restricted Deposits	<u>\$ 708,055</u>

5. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2020:

	Balance July 1, 2019 (as restated)	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated				
Land - General Government	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Land - Community Services	11,996,999	318,574	-	12,315,573
Land - Beach	2,304,850	-	-	2,304,850
Subtotal Land	16,971,753	318,574	-	17,290,327
Construction in Progress - General Government	18,000	276,472	(294,472)	-
Construction in Progress - Community Services	1,488,931	5,122,879	(4,010,660)	2,601,150
Construction in Progress - Beach	360,912	70,512	(57,998)	373,426
Subtotal Construction in Progress	1,867,843	5,469,863	(4,363,130)	2,974,576
Total capital assets, not being depreciated	\$ 18,839,596	\$ 5,788,437	\$ (4,363,130)	\$ 20,264,903
Capital assets, being depreciated				
Buildings and Structures - General Government	891,744	27,469	-	919,213
Buildings and Structures - Community Services	29,635,572	2,481,684	(98,427)	32,018,829
Buildings and Structures - Beach	2,683,716	-	-	2,683,716
Venue Improvements - Community Services	34,320,150	205,292	-	34,525,442
Venue Improvements - Beach	2,235,821	16,927	-	2,252,748
Equipment and Vehicles - General Government	1,647,472	267,007	-	1,914,479
Equipment and Vehicles - Community Services	11,942,698	1,005,119	(596,458)	12,351,359
Equipment and Vehicles - Beach	569,383	41,075	-	610,458
Equipment and Vehicles - Internal Services	253,869	-	-	253,869
Total capital assets, being depreciated	\$ 84,180,425	\$ 4,044,573	\$ (694,885)	\$ 87,530,113
Less accumulated depreciation for:				
Buildings and Structures - General Government	(799,538)	(21,833)	-	(821,371)
Buildings and Structures - Community Services	(14,396,804)	(879,957)	98,425	(15,178,336)
Buildings and Structures - Beach	(1,588,004)	(90,552)	-	(1,678,556)
Venue Improvements - Community Services	(19,645,876)	(902,927)	-	(20,548,803)
Venue Improvements - Beach	(1,446,917)	(97,324)	-	(1,544,241)
Equipment and Vehicles - General Government	(1,220,730)	(281,599)	-	(1,502,329)
Equipment and Vehicles - Community Services	(6,613,170)	(1,155,273)	579,004	(7,189,439)
Equipment and Vehicles - Beach	(295,760)	(49,012)	-	(344,772)
Equipment and Vehicles - Internal Services	(176,961)	(12,561)	-	(189,522)
Total accumulated depreciation	(46,183,760)	(3,491,038)	677,429	(48,997,369)
Total capital assets being depreciated, net	37,996,665	553,535	(17,456)	38,532,744
Governmental Activities Capital Assets, net	\$ 56,836,261	\$ 6,341,972	\$ (4,380,586)	\$ 58,797,647

Business-Type Activities

Utility Capital assets not being depreciated				
Land	\$ 6,715,544	\$ -	\$ -	\$ 6,715,544
Construction in Progress	1,418,053	1,529,939	(1,340,220)	1,607,772
Total utility capital assets, not being depreciated	<u>8,133,597</u>	<u>1,529,939</u>	<u>(1,340,220)</u>	<u>8,323,316</u>
Utility Capital assets, being depreciated				
Buildings and structures	15,503,863	92,969	-	15,596,832
Service infrastructure	113,807,857	791,700	-	114,599,557
Equipment and vehicles	3,696,213	455,550	(269,534)	3,882,229
Total utility capital assets at historical cost	<u>133,007,933</u>	<u>1,340,219</u>	<u>(269,534)</u>	<u>134,078,618</u>
Less accumulated depreciation for:				
Buildings and structures	(7,688,138)	(992,342)	-	(8,680,480)
Service infrastructure	(61,637,155)	(1,000,251)	-	(62,637,406)
Equipment and vehicles	(2,657,952)	(1,498,445)	235,975	(3,920,422)
Total accumulated depreciation	<u>(71,983,245)</u>	<u>(3,491,038)</u>	<u>235,975</u>	<u>(75,238,308)</u>
Total utility capital assets being depreciated, net	<u>61,024,688</u>	<u>(2,150,819)</u>	<u>(33,559)</u>	<u>58,840,310</u>
Business-Type Activities Capital Assets, net	<u>\$ 69,158,285</u>	<u>\$ (620,880)</u>	<u>\$ (1,373,779)</u>	<u>\$ 67,163,626</u>

The District has a number of Construction in Progress projects open as of June 30, 2020. Community Services includes \$251,653 for the Diamond Peak Master Plan, while Beach includes \$216,131 for the Incline Beach Facility Study. The Utility Fund includes \$719,785 for the design phase of the Effluent Export Line that project will be ongoing through at least 2023. The District's primary building season is limited to May to October because of regulations from the Tahoe Regional Planning Agency. Most equipment purchases follow the budget and fiscal year cycle.

Depreciation expenses for the year ended June 30, 2020 was charged to functions as follows:

Depreciation expenses for the year ended June 30, 2020 were charged to functions as follows:

Governmental Activities:

General Government	\$ 303,432
Recreation	2,938,157
Beach	236,888
Internal Services	12,561
Total Depreciation Expense	<u>\$ 3,491,038</u>

Business-Type Activities:

Utility Fund Water and Sewer	<u>\$ 3,367,361</u>
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The District holds a substantial number of land parcels for recreation and public purposes. Approximately 80 parcels were acquired at no cost through a Washoe County tax forfeiture transfer. These lands are not held for the purpose of income or profit, and therefore are not considered an investment.

6. ACCRUED PERSONNEL COSTS

The General Fund processes and issues payments for all payroll and most related personnel and benefit costs for all funds of the District. At the time the expenses are incurred, each fund records its appropriate costs. As payments are made, the individual funds provide their share through the pooled cash. This process provides the General Fund with the necessary available financial resources to meet the District wide obligations. Generally, no regular payroll or personnel accruals are recorded to the individual funds. Accruals for special payments, Health Reimbursement Accounts, Sick Leave at Retirement, Workers Compensation and Vacation can appear in individual funds, because they are recognized well in advance of the payment process. The General Fund also maintains any banks accounts specific for payment of benefits.

As a regular course of operations, the payroll including June 30 was paid July 17. The employee benefits earned through June 30 are also funded in the following month. At any given point the District has an obligation to its employees for the value of vacation time earned and not taken. The obligation is measured by the value due as if the employee terminated. The District allows retiring employees with an excess of 20 years of service, and that have accrued sick leave, to have it converted to Medical Retiree Benefit for reimbursing post-employment health related costs. There are 5 eligible employees covered. The District has no other post-employment benefit obligations for health insurance or retirement benefits.

The District offers health reimbursement accounts (HRA) in exchange for the insured accepting a higher deductible or co-insurance. The Plan is administered by the health insurance carrier. The District also has a third party administered flexible spending account (FSA). The District maintains bank accounts exclusively for reimbursements for HRA and FSA transactions.

The District provides Workers Compensation through a risk pooling arrangement funded with quarterly assessments. The fourth quarter is paid in arrears after a payroll verification conducted by the risk pool.

Accrued Personnel Costs as of June 30, 2020:

Current Payroll Liabilities:	Governmental	Business-Type	Total
Accrued Payroll	\$ 635,622	\$ 89,914	\$ 725,536
Taxes Withheld	48,110	-	48,110
Accrued Benefits	30,561	-	30,561
Deferred Comp	17,075	-	17,075
Retirement Plan	47,767	-	47,767
Health Reimbursement Accounts	131,727	-	131,727
Sick Leave Retirement Benefits	143,588	156,908	300,496
Workers Comp Unpaid Assessments	126,073	2,309	128,382
Accrued Vacation	407,284	195,029	602,313
Total Government-wide	\$ 1,587,807	\$ 444,160	\$ 2,031,967

The Government-wide Accrued Personnel Costs could be liquidated within one year and has been classified as current. The following accounts are based on ongoing activity as opposed to a point in time accrual:

<u>Select Benefit Liabilities</u>	Balance <u>June 30, 2019</u>	Provisions		Balance <u>June 30, 2020</u>
		<u>Additions</u>	<u>Payments</u>	
Health Reimbursement Accts.	\$ 131,190	\$ 54,949	\$ 54,412	\$ 131,727
Sick Leave Retirement Benefit	294,982	40,872	35,358	300,496
Accrued Vacation	593,455	681,199	672,341	602,313

7. UNEARNED REVENUE

The District receives a number of payments that will be recognized as revenue or a liquidated liability based upon a future transaction when the service is provided. These include:

	<u>General</u>	<u>Community Services Special Rev.</u>	<u>Beach Special Rev.</u>	<u>Utility</u>	<u>Total</u>
Billed in advance	\$ 43	\$ 419,429	\$ -	\$167,926	\$ 587,398
Unexpired season passes	-	869,233	-	-	869,233
Internal Gift Cards	-	72,580	-	-	72,580
Total	<u>\$ 43</u>	<u>\$1,361,242</u>	<u>\$ -</u>	<u>\$167,926</u>	<u>\$1,529,211</u>

8. INTERFUND ACCOUNTS AND TRANSFERS

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances settle monthly through pooled cash and therefore there are no open balances as of June 30, 2020.

Transfers from the General Fund were to return self-insurance resources to the operating funds after first transferred to the General Fund in the prior year, as required by Nevada Revised Statute. The same Statute does not allow the General Fund to redistribute the resources in the same fiscal year as received. Of the \$474,356 received in prior fiscal year, \$300,000 was redistributed in fiscal year 2019-2020.

Transfers for Capital Projects and Debt Service represent revenues from the fund that by statue or budget authority collects the revenue to provide resources for specified functions and transaction types to the fund that will expend them.

Gross Transfers reported on the financial statements as of June 30, 2020 are as follows:

Fund Transfer Out:	Fund Transfer In:								Total Out
	General Fund	Community Services Special Revenue	Community Services Capital Projects	Community Services Debt Service	Beach Special Revenue	Beach Capital Projects	Beach Debt Service	Utility Fund	
Internal Services Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	241,875	-	-	13,125	-	-	45,000	\$ 300,000
Community Services Special Revenue	-	-	3,421,632	384,354	-	-	-	-	\$ 3,805,986
Beach Special Revenue	-	-	-	-	-	82,009	6,289	-	\$ 88,298
Total In	\$ -	\$ 241,875	\$ 3,421,632	\$ 384,354	\$ 13,125	\$ 82,009	\$ 6,289	\$ 45,000	\$ 4,194,284

9. LONG-TERM DEBT

All of the District's Long Term Bonds are collateralized by a pledge of revenues derived and to be derived from the operation of either the Utility, Community Services or Beach venues, after deduction there from of the amount necessary to pay all operating and maintenance charges as required by applicable bond agreements. The District is also required to maintain rates sufficient to pay all maintenance, depreciation, replacement, betterment, and interest charges.

Outstanding Long-Term Debt as of June 30, 2020:

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Current Portion
Governmental Activities:						
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation						
Refunding 2012	07/18/12	09/01/22	2.25%	3,475,000	\$1,137,000	\$368,000
Total Recreation Revenue Supported Debt					\$1,137,000	\$368,000

Business Type Activities Direct Borrowings and Direct Placements:

Utility

State of Nevada:

Sewer C32-0204	10/28/02	01/01/23	3.14%	\$1,720,380	\$ 365,370	\$ 118,012
Water IVGID-1	09/09/04	07/01/25	3.08%	1,687,282	570,931	96,792
Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	1,141,608	177,630
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	<u>2,007,029</u>	<u>146,273</u>
Total Utility Revenue Supported Debt					\$4,084,938	\$ 538,707
Total Debt – All Activities					\$5,221,938	\$906,707

Long-Term Debt changes for the year:

	Beginning Balance	New Issues	Principal Reductions	Ending Balance	Due Within One Year
By Activity Type:					
Governmental:					
2012 Recreation	\$1,498,000	\$ -	\$361,000	\$1,137,000	\$368,000
Business Type Direct Borrowings and Direct Placements:					
Sewer C32-0204	479,758	-	114,388	365,370	118,012
Water IVGID-1	664,807	-	93,876	570,931	96,792
Sewer CS32-0404	1,314,494	-	172,886	1,141,608	177,630
Water DW-1201	<u>2,149,867</u>	-	<u>142,838</u>	<u>2,007,029</u>	<u>146,273</u>
Business Type Total	<u>4,608,926</u>	-	<u>523,988</u>	<u>4,084,938</u>	<u>538,707</u>
Total Debt	\$6,106,926	\$ -	\$884,988	\$5,221,938	\$906,707
By Bond Type:					
General Obligation Revenue	\$4,962,361	\$ -	\$676,724	\$4,283,637	\$691,903
	<u>1,144,565</u>	-	<u>208,264</u>	<u>936,301</u>	<u>214,804</u>
Total Debt	\$6,106,926	\$ -	\$884,988	\$5,221,938	\$906,707
Bond discounts	(5,317)	-	2	(5,315)	
Long-term Debt, net	<u>\$6,101,609</u>	<u>\$ -</u>	<u>\$884,986</u>	<u>\$5,216,623</u>	

Future Debt Service Requirements as of June 30, 2020:

Fiscal Year	Debt Supported by <u>Utility Revenue</u>		Debt Supported by <u>Recreation Revenue</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Ending June 30</u>				
2021	\$ 538,707	\$ 104,428	\$ 368,000	\$ 21,442
2022	553,841	89,291	378,000	13,050
2023	569,405	73,728	391,000	4,399
2024	455,827	58,730	-	-
2025	468,183	46,373	-	-
2026 to 2030	1,123,515	107,706	-	-
2031 to 2032	<u>375,460</u>	<u>11,283</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,084,938</u>	<u>\$ 491,539</u>	<u>\$ 1,137,000</u>	<u>\$ 38,891</u>

At June 30, 2020, principal and interest to maturity paid from pledged future Utility Revenues totals \$4,576,480 and \$1,175,891 paid from pledged Recreation Revenues. For the year ended June 30, 2020, the net pledged revenue was \$1,180,430 for Utility Debt and \$2,765,761 for Recreation Debt.

10. DEFERRED INFLOW OF RESOURCES

The District is holding a deposit of \$243,026 for a damage award as part of ongoing litigation relating to matters asserted by a member of the public. An appeal was filed with Nevada Supreme Court, and a final order was issued in favor of the District in November 2020.

The District has been awarded FEMA/Nevada Department of Emergency Management grants for 2017 damage to the Diamond Peak Maintenance Building for \$38,643 and a portion of the culvert for \$331,019. Review of the final costs and determination of payment is ongoing. These amounts are deferred at the fund level.

11. CAPITAL GRANTS

The District was awarded FEMA/Nevada Department of Emergency Management Grants for 2017 damages to facilities and infrastructure. Final review and payment is ongoing. This year the District received \$160,891 for the Incline Creek Restoration Project from the Nevada Department of Environmental Protection in that was a Federal Grant funded by the EPA. That project also received \$121,109 from the Nevada Division of State Lands. The District also received \$1,355,400 from the Incline Tahoe Foundation for the Incline Park Facility Renovation Project.

12. DISTRICT RETIREMENT BENEFIT PLANS

The District has two retirement plans covering substantially all of its full-time year round employees. Those not covered under the Pension Trust Fund for Operating Engineers are covered by the District's Money Purchase Pension Plan (Section 401(a)). The District also sponsors a Section 457 Deferred Compensation Plan. No trust is used in relation to these plans; account balances are in the name of the individual employee.

The District's Money Purchase Pension Section 401(a) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. The District provides a non-elective contribution of 12.3% of the employee's earnings. The District's contributions for each employee are fully vested after four years of service. District contributions and interest forfeited by employees who leave employment before fully vesting, are used to reduce the District's current-period contribution requirement. Employees are not allowed to contribute directly into this plan.

The Pension Trust Fund for Operating Engineers is a cost sharing, multiple employer, defined benefit plan contract between the District's employees and the Operating Engineers Union. The plan provides retirement and medical benefits to eligible participants based on a formula of years of service and reaching a qualifying age. It is available to approximately 45 positions in the District, covered by the collective bargaining agreements, with only four electing to do so. The District is not a party to this defined benefit plan. The District's liability under the union collective bargaining agreement is limited to making monthly contributions based on union employees' pay for hours worked. Consequently, the District is not liable for any funding shortage of the defined benefit plan. Each year the District contributions to the plan equal 100% of the District's liability under the bargaining agreement. The Pension Trust Fund for Operating Engineers issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Pension Trust Fund for Operating Engineers, 1600 Harbor Bay Parkway, Suite 200, Alameda, California 94502 or by calling (800) 251-5014.

The District's Deferred Compensation (Section 457) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately after the first day of a month of employment. Employee contributions are subject to Internal Revenue Service regulations for Section 457 plans. The District provides a matching contribution up to 5%. Both employee and District contributions are fully vested 100% as made.

The District's total contributions equal to required contributions for employees covered by the above plans are as follows:

<u>FYE June 30</u>	<u>401(a) Money Purchase</u>	<u>Operating Engineers</u>	<u>Employer Section 457</u>	<u>Employee Section 457</u>
2020	\$ 998,451	\$ 39,810	\$ 377,663	\$ 537,568
2019	\$ 985,920	\$ 39,200	\$ 301,368	\$ 527,739

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all District employees, permit them to defer a portion of their earnings until future years. The deferred compensation benefit is not collectible by employees until termination, retirement, death, or unforeseeable emergency.

13. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

Insurance Coverage on June 30, 2020 consists of the following:

<u>Type</u>	<u>Carrier/Provider</u>	<u>Amount</u>
Property Liability on buildings & contents	NV Public Agency Pool	\$ 300,000,000
Earthquake & Flood	NV Public Agency Pool	150,000,000
Boiler & Machinery	NV Public Agency Pool	100,000,000
General Liability	NV Public Agency Pool	10,000,000

Cyber Security Event	NV Public Agency Pool	3,000,000
Money & Securities	NV Public Agency Pool	500,000
Site Pollution Incident	NV Public Agency Pool	2,000,000
Ski Resort Gen. Liability	Nova Casualty Company	1,000,000
Ski Resort Excess Liability	Nova Casualty Company	6,000,000
Workers Compensation	NV Public Agency Comp. Trust	2,000,000

The District has elected to participate in the Nevada Public Agency Insurance Pool. The risk-sharing Pool secures insurance coverage for all its members. The Pool agreement provides coverage for the equivalent of errors and omissions and directors' and officers' acts. The Pool does not offer general or excess liability coverage for the Diamond Peak Ski Resort. Therefore, separate coverage is purchased.

A portion of each member's premium contributions to the Pool goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. The amount of the Loss Fund contribution is determined by the underwriters based on each member's average annual losses over the prior five years. This amount may vary each year.

The Pool pays all losses from the Loss Fund per occurrence, less the member's maintenance deductible. The District has a \$5,000 deductible. Excess insurance above the Pool's self-funded amount, is provided by secondary markets based on arrangements made with the Pool, including a Pool owned captive.

There were no District settlements in excess of insurance coverage in any of the three prior fiscal years.

Ski Liability Insurance is not covered by the Nevada Public Agency Insurance Pool. A separate insurance program, less the District's \$10,000 deductible, provides coverage.

The District has elected to participate in the Nevada Public Agency Compensation Trust (NVPACT) to provide workers compensation coverage for all employees. The District pays quarterly assessments. The assessments are based on actuarial estimates provided by NVPACT utilizing covered payroll data for the most recent calendar year. A portion of each member's assessment goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. This amount may vary each year.

14. FUND BALANCE

As of July 1, 2015, the Board of Trustees established Special Revenue, Capital Project and Debt Service funds for District Community Services and Beach activities. Based on Board action, via Resolution 1838, dated July 1, 2015 the fund balance for the Special Revenue funds are reported as committed for the purpose of providing for recreational and beach activities, utilizing net charges for services and the assessed facility fees. Furthermore, fund balances within the Community Services Capital Fund and Beach Capital Fund are further committed for the purpose of future planned capital improvement projects. These funds generally represent revenues collected through the Recreation and Beach Facility fees allocated specifically to capital projects.

The General Fund reflects a restriction of \$1,359,737 to reflect the District's obligation under the terms of settlement of the property tax dispute filed against Washoe County et al, Nevada State Board of Equalization and the Department of Taxation by the Village League to Save Incline Assets, Inc. As the terms of the settlement are finalized, this amount is recorded as a liability at June 30, 2020 in the government-wide Statement of Net Position. The remaining restricted net position/fund balance are the restricted deposits disclosed in Note 4, except for the litigation damage deposit recorded as a deferred inflow of resources.

15. DESIGNATED FUNDS

At its meeting of March 3, 2020 the Board of Trustees took action to designate \$9,656,890 for the purpose of earmarking the funds for the Effluent Pipeline Project. On August 12, 2020 the Board designated an additional \$1,912,767 the Effluent Pipeline Project from unexpended appropriations provided for in the FY2019/20 budget. These two Board actions result in a total of \$11,569,657 for this project. The funds designated for the Effluent Pipeline Project represent a portion of funds received by the District from utility rate revenues established and collected specifically for Utility capital improvement projects.

Notwithstanding the Board’s action to designate funding for the Effluent Pipeline Project, this funding remains in the unrestricted net position of the District’s business-type activities on the government-wide Statement of Net Position. This is due to the determination that the Board’s designation does not rise to the level of meeting the criteria set forth in GASB Statement No. 54 for “restricted” net position within proprietary funds.

16. LEASE OBLIGATIONS

Revenue:

Miscellaneous revenue includes rent received for cell towers on District property. Under an agreement with American Tower, \$20,685 was paid for a tower at the Mountain Golf Course. The current five-year term is from April 2017 and ends in 2022, with the option for extensions every five years through 2037, cancelable by either party. Rent increases 3% per year. Under an agreement with AT&T \$19,572 was paid for a tower at the Mountain Golf Course. The current five-year term is from October 2015 and ends in 2020, with automatic extensions every five years, through 2035, cancelable by the tenant. Rent increases 3% per year. Under an agreement with AT&T \$64,155 was paid for a tower at Diamond Peak Ski Resort. The current five-year term is from July 2018 ends in 2023, with extensions every five years, cancelable by the tenant, through 2038. Rent increases 3.5% per year. Revenue in the amount of \$11,197 was also received from T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort. Its term is June 2017 to 2022 with 1 option to renew for 5 years.

	American Tower Lease	AT&T	AT&T	T-Mobile	Parasol Foundation	Reno-Sparks Convention and
FY 2021	\$ 21,305	\$ 20,159	\$ 66,400	\$ 11,197	\$ 1	\$ 1
FY 2022	21,945	20,764	68,724	11,384	1	1
FY 2023		21,386	71,130		1	1
FY 2024		22,028			1	1
FY 2025		22,689			1	1
FY 2026					1	1
FY 2027					1	1
FY 2028					1	1

District leases 1.5 acres of property adjacent to the Incline Village Middle School to the Parasol Foundation for \$1.00 per year.

District leases property located at 969 Tahoe Boulevard to the Reno-Sparks Convention and Vist1or Authority for \$1.00 per year.

Expenses:

Golf Cart Lease – In fiscal year 2019/20 the District entered into an Installment Purchase Agreement with PNC Equipment Finance, LLC for a fleet of replacement golf carts for the Mountain Golf Course. The District’s total obligation under this agreement total \$121,605 paid in 48 equal monthly installments. The lease started in July 2020, with the first payment against this obligation made in June 2020 in the amount of \$2,533.

The District holds a Use Permit for Diamond Peak operations and activities on property owned by the U.S. Forest Service adjacent to District-owned property. The District pays an annual permit fee based on revenues generated by selected Ski operations. The fee amount for the fiscal year ending June 30, 2020 was calculated at \$52,000.

The Utility Fund paid \$4,476 during the year ended June 30, 2020 for a leased copier under an agreement expiring December 2020. The remaining obligation on this lease is \$452.

17. DUE TO OTHER GOVERNMENTS

The Nevada Department of Taxation notified the District of a refund of sales tax due another taxpayer, resulting in reductions of monthly Consolidated Tax Distributions. While the exact amount and terms for the reductions was not determined in 2018, sufficient information was available to arrive at an estimated \$60,000 liability. The refund applied to taxes received over the three years ending in March 2017. The District share of this refund was made through 18 monthly reductions that began with the July 2018 Consolidated Tax Distribution. The first twelve months resulted in \$28,946 applied to the \$60,000. During the current year \$9,102 was applied and the remainder of \$21,952 was recognized as revenue.

The District collects money for boat inspections performed by the Tahoe Regional Planning Agency. The balance owed at the end of the year was \$17,517.

18. COMMUNITY SERVICES AND BEACH SPECIAL REVENUE FUNDS

The District provides recreation functions through two individual special revenue funds. Each serves a different set of venues and customer base. A significant source of revenue for these functions for operations, capital expenditure and debt service comes directly from a facility fee assessed by parcel for each function and expenditure type. Facility Fees have been listed separately by fund and function. The operating portion of the assessed facility fee is combined with charges for services to provide the resources for providing services. Charges for services are aggregated, while expenditures are provided by function. As stated in Note 1 T, part of the facility fee can be used to pay for charges for services in lieu of other forms of privileges. These are referred to as Punch Cards. The following are major functions included in Charges for Services and the approximate amounts of punch cards activity that is included.

	Charges for Services	Paid with Punch Cards	Punch Cards Value Utilized
Community Services Fund:			
Championship Golf	\$ 4,070,762	\$ 25,889	\$ -
Mountain Golf	690,798	4,619	-
Facilities	361,890	-	-
Ski	9,781,499	139,731	-
Community Programming	1,004,900	80,696	-
Parks	32,505	-	-
Tennis	133,786	-	-
Recreation Administration	<u>(590,712)</u>	<u>-</u>	<u>(630,804)</u>
Total	<u>\$15,485,428</u>	<u>\$250,888</u>	<u>\$(630,804)</u>
Beach Fund	<u>\$ 1,619,582</u>	<u>\$483,792</u>	<u>\$(103,876)</u>
District Total		<u>\$734,680</u>	<u>\$(734,680)</u>

19. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$185,000 for calendar year 2020 services. As of June 30, 2020, \$92,500 in quarterly deposits are remaining as a part of the subsequent year's budget.

Capital Improvement Project Budget Carryover:

The District budgets for capital improvement projects one year at a time for spending authority. The actual execution of construction or acquisition can span one or more fiscal years. The District identifies carryover and unspent budget authority for those projects. The amounts for governmental fund types are re-budgeted for the subsequent fiscal year. The unused Utility Fund resources become part of Unrestricted Net Position, and are budgeted under cash flow on the State of NV budget forms. Amounts carried over at year-end are:

General Fund	\$ 300,000
Utility Fund	2,533,786
Community Services Fund	2,502,701
Beach Fund	-

Budgeting for the Fiscal Year Ending June 30, 2021:

The District's budgeting for the fiscal year ending June 30, 2021 anticipates a reduction in Net Position caused by completion of capital projects. The identified reductions include; General Fund by \$650,150 including \$300,000 for a new Human Resources Management and Payroll System; Community Services reduction of \$6,127,741 including \$996,630 for the Tennis Center Renovation, \$700,000 for Championship Golf Course Maintenance Building improvements, \$520,000 for Ski Way and Diamond Peak Parking Lot Reconstruction, \$264,864 for Lakeview Ski Lift Improvements, and \$166,395 for the Mountain Golf Cart Path Replacement. The Beach Fund has a reduction of \$454,500 related to work on Burnt Cedar Pool and Incline Beach Facility Improvements.

The District has committed to these contractual arrangements for capital improvement projects:

		Contract Amount	Completed at June 30, 2020	Remaining Commitment
<i>Utility Fund:</i>				
Paso Robles Tank, Inc.	Water Reservoir Safety and Security Improvements	\$ 109,000	\$ -	\$ 109,000
<i>Community Services Capital Fund</i>				
Daniel Fraiman Construction	Tennis Center Renovation Project	709,000	9,680	699,320
Mission Controls, Inc.	Lakeview Charlift Control Panels	96,800	-	96,800
Cruz Construction	Maintenance Building Drainage & Washpad	475,433	-	475,433

20. RESTRICTED DEPOSIT HELD IN LAWSUIT

The District has been engaged in a lawsuit with an individual over many years. A District Court decision made an award to the District for the recovery of fees. Both the Court decision and the fees awarded are under an appeal. In order to reduce possible longer-term exposure to the individual, the District received \$241,646 on September 14, 2017. These refunds are in a separate money market account and classified as a Deferred Inflow until all appeals under the lawsuit are

resolved. An appeal was filed with Nevada Supreme Court, and a final order was issued in favor of the District in November 2020.

21. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District's estimated share of abatements for this fiscal year is \$21,199.

22. PRIOR YEAR ADJUSTMENTS

The District's financial statements for the year ended June 30, 2020 reflect prior year adjustments related to (1) unearned revenues from Golf Passes recorded in the prior year (\$138,505), (2) to restate as expenses \$289,660 for selected Construction in Progress items that were reported as assets in the financial statements for the year ended June 30, 2019, as well as (3) restate as expense \$514,254 for selected items that were reported as capital assets in the financial statements for the year ended June 30, 2019.

Construction in Progress items restated as expense include \$212,044 related to development of a Parks Master Plan and \$77,216 related to improvements planned at Incline Village Ballfield. Management has determined that no future capital asset(s) are expected to be constructed as a result of the preliminary design work that had been included in prior year's Construction in Progress.

Capital Asset items restated as expense include items determined to qualify as reporting as repairs and maintenance, consistent with established Board policy and practices. Examples include pavement maintenance, parking lot repairs, and painting projects. This determination should have been made in prior year(s).

As a result, a total of \$665,009 is recorded as a prior year adjustment in the governmental activities of the government-wide financial statements and a total of \$138,505, is recorded as a prior year adjustment in the Community Services Special Revenue Fund in the governmental funds financial statements.

	Government-wide <u>Statement of Activities</u>	Community Services <u>Special Revenue Fund</u>
Net position / Fund Balance July 1, 2019, as previously reported	\$ 75,655,473	\$ 13,333,953
Prior Period Adjustment – Golf Passes	138,505	138,505
Prior Period Adjustment – Construction in Process	(289,260)	-
Prior Period Adjustment – Capital Assets	<u>(514,254)</u>	<u>-</u>
Net Position / Fund Balance, July 1, 2019, as adjusted	\$ 74,990,464	\$ 13,472,458

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 SCHEDULE OF EMPLOYER REQUIRED CONTRIBUTIONS
 TO DEFINED CONTRIBUTION MULTI-EMPLOYER PLANS
 FOR THE TEN MOST RECENT FISCAL YEARS**

For the year ending June 30:	<u>Operating Engineers</u>		
	<u>Number of Participants</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>
2020	4	\$ 323,455	\$ 39,810
2019	4	318,699	39,200
2018	4	308,114	37,898
2017	4	315,764	38,839
2016	5	346,008	42,559
2015	4	275,846	33,929
2014	5	346,797	42,656
2013	5	377,293	46,407
2012	7	395,512	48,648
2011	7	463,862	57,055

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**SUPPLEMENTARY
INFORMATION**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,171	\$ 8,364
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,309	(7,383)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment income	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Central Services Revenue	1,367,400	1,367,400	-	(1,367,400)
Total revenues	<u>5,020,299</u>	<u>5,020,299</u>	<u>3,876,422</u>	<u>(1,143,877)</u>
EXPENDITURES				
General Government - All Functions:				
Function Summary	5,102,369	5,102,369	2,711,859	2,390,510
Total expenditures	<u>5,102,369</u>	<u>5,102,369</u>	<u>2,711,859</u>	<u>2,390,510</u>
Excess (deficiency) of revenues over expenditures	<u>(82,070)</u>	<u>(82,070)</u>	<u>1,164,563</u>	<u>1,246,633</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers In (Out)	<u>(561,800)</u>	<u>(561,800)</u>	<u>(300,000)</u>	<u>261,800</u>
Net change in fund balance	(788,870)	(788,870)	864,563	1,653,433
Fund Balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,242</u>	<u>\$ 2,304,242</u>	<u>\$ 4,630,149</u>	<u>\$ 2,325,907</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
General Government:				
General Administration				
Salaries and Wages	\$ 29,160	\$ 29,160	\$ 66,736	\$ (37,576)
Employee Benefits	18,896	18,896	19,225	(329)
Services and Supplies	426,799	426,799	452,000	(25,201)
Capital Outlay	686,445	686,445	12,419	674,026
Subtotal General Administration	<u>1,161,300</u>	<u>1,161,300</u>	<u>550,380</u>	<u>610,920</u>
General Manager				
Salaries and Wages	270,144	270,144	267,179	2,965
Employee Benefits	125,205	125,205	122,377	2,828
Services and Supplies	60,940	60,940	18,110	42,830
Subtotal General Manager	<u>456,289</u>	<u>456,289</u>	<u>407,666</u>	<u>48,623</u>
Trustees				
Salaries and Wages	104,340	104,340	103,469	871
Employee Benefits	32,480	32,480	31,366	1,114
Services and Supplies	79,600	79,600	33,696	45,904
Subtotal Trustees	<u>216,420</u>	<u>216,420</u>	<u>168,531</u>	<u>47,889</u>
Accounting				
Salaries and Wages	592,315	592,315	590,814	1,501
Employee Benefits	286,686	286,686	261,560	25,126
Services and Supplies	79,296	79,296	62,585	16,711
Central Services (Expenditure Offset)	-	-	(519,000)	519,000
Subtotal Accounting	<u>958,297</u>	<u>958,297</u>	<u>395,959</u>	<u>562,338</u>
Information Services				
Salaries and Wages	484,000	484,000	353,682	130,318
Employee Benefits	255,454	255,454	176,980	78,474
Services and Supplies	334,243	334,243	205,317	128,926
Capital Outlay	-	-	267,005	(267,005)
Subtotal Information Services	<u>1,073,697</u>	<u>1,073,697</u>	<u>1,002,984</u>	<u>70,713</u>
Human Resources				
Salaries and Wages	532,660	532,660	547,389	(14,729)
Employee Benefits	307,348	307,348	271,706	35,642
Services and Supplies	134,309	134,309	63,448	70,861
Central Services (Expenditure Offset)	-	-	(848,400)	848,400
Subtotal Human Resources	<u>974,317</u>	<u>974,317</u>	<u>34,143</u>	<u>940,174</u>
Health and Wellness				
Salaries and Wages	16,983	16,983	22,078	(5,095)
Employee Benefits	6,918	6,918	6,776	142
Services and Supplies	21,475	21,475	4,678	16,797
Subtotal Health and Wellness	<u>45,376</u>	<u>45,376</u>	<u>33,532</u>	<u>11,844</u>
Community & Employee Relations				
Salaries and Wages	96,338	96,338	25,284	71,054
Employee Benefits	35,817	35,817	13,656	22,161
Services and Supplies	84,518	84,518	79,724	4,794
Subtotal Comm. Relations	<u>216,673</u>	<u>216,673</u>	<u>118,664</u>	<u>98,009</u>
Function Subtotal	<u>\$ 5,102,369</u>	<u>\$ 5,102,369</u>	<u>\$ 2,711,859</u>	<u>\$ 2,390,510</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,070,762	\$ (445,559)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Facility Fee:				
Championship Golf	976,157	976,157	171,994	(804,163)
Mountain Golf	689,052	689,052	327,607	(361,445)
Facilities	524,992	524,992	131,043	(393,949)
Ski	(336,323)	(336,323)	(1,638,033)	(1,301,710)
Community Programming	1,574,976	1,574,976	1,171,194	(403,782)
Parks	992,563	992,563	728,925	(263,638)
Tennis	196,872	196,872	114,662	(82,210)
Recreation Administration	1,164,826	1,164,826	4,766,675	3,601,849
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Interfund Services	98,210	98,210	76,558	(21,652)
Intergovernmental Services	23,400	23,400	35,245	11,845
Investment Earnings	50,000	50,000	126,143	76,143
Miscellaneous	110,361	110,361	116,042	5,681
Total revenues	<u>22,298,780</u>	<u>22,298,780</u>	<u>21,630,483</u>	<u>(668,297)</u>
EXPENDITURES				
Culture and Recreation - All Functions:				
Function Summary	<u>27,197,671</u>	<u>17,926,815</u>	<u>16,546,104</u>	<u>1,380,711</u>
Total expenditures	<u>27,197,671</u>	<u>17,926,815</u>	<u>16,546,104</u>	<u>1,380,711</u>
Excess (deficiency) of revenues over expenditures	<u>(4,898,891)</u>	<u>4,371,965</u>	<u>5,084,379</u>	<u>712,414</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers Out - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers Out - Debt Service	-	(384,354)	(384,354)	-
Net change in fund balance	<u>(4,037,091)</u>	<u>(4,037,091)</u>	<u>1,808,455</u>	<u>5,845,546</u>
Fund Balance, July 1, as reported	13,183,167	13,183,167	13,333,953	150,786
Prior Period adjustment			138,505	138,505
Fund Balance, July 1, as adjusted	<u>13,183,167</u>	<u>13,183,167</u>	<u>13,472,458</u>	<u>289,291</u>
Fund balance, June 30	<u>\$ 9,146,076</u>	<u>\$ 9,146,076</u>	<u>\$ 15,280,913</u>	<u>\$ 6,134,837</u>

Note: The State Budget Form 4404LGF recognized the Total Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure by those Funds.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Community Services:				
Championship Golf				
Salaries and Wages	\$ 1,592,508	\$ 1,592,508	\$ 1,511,829	\$ 80,679
Employee Benefits	512,154	512,154	421,675	90,479
Services and Supplies	2,598,977	2,598,977	2,322,114	276,863
Capital Outlay	653,200	-	-	-
Subtotal Championship Golf	5,356,839	4,703,639	4,255,618	448,021
Mountain Golf				
Salaries and Wages	372,113	372,113	320,393	51,720
Employee Benefits	115,629	115,629	96,581	19,048
Services and Supplies	540,135	540,135	543,573	(3,438)
Capital Outlay	2,420,700	-	-	-
Subtotal Mountain Golf	3,448,577	1,027,877	960,547	67,330
Facilities				
Salaries and Wages	89,488	89,488	83,927	5,561
Employee Benefits	47,157	47,157	32,717	14,440
Services and Supplies	412,390	412,390	353,108	59,282
Capital Outlay	180,400	-	-	-
Subtotal Facilities	729,435	549,035	469,752	79,283
Ski				
Salaries and Wages	2,970,495	2,970,495	2,771,784	198,711
Employee Benefits	985,297	985,297	870,179	115,118
Services and Supplies	3,609,576	3,609,576	3,369,561	240,015
Capital Outlay	2,770,850	-	-	-
Subtotal Ski	10,336,218	7,565,368	7,011,524	553,844
Community Programming				
Salaries and Wages	1,164,024	1,164,024	1,054,806	109,218
Employee Benefits	368,533	368,533	323,816	44,717
Services and Supplies	942,566	942,566	810,950	131,616
Capital Outlay	468,650	-	-	-
Subtotal Community Programming	2,943,773	2,475,123	2,189,572	285,551
Parks				
Salaries and Wages	345,389	345,389	301,629	43,760
Employee Benefits	85,289	85,289	64,421	20,868
Services and Supplies	460,601	460,601	477,569	(16,968)
Capital Outlay	1,028,752	-	-	-
Subtotal Parks	1,920,031	891,279	843,619	47,660
Tennis				
Salaries and Wages	139,281	139,281	128,410	10,871
Employee Benefits	29,131	29,131	24,118	5,013
Services and Supplies	102,011	102,011	90,345	11,666
Capital Outlay	1,363,950	-	-	-
Subtotal Tennis	1,634,373	270,423	242,873	27,550
Community Services Administration				
Salaries and Wages	183,759	183,759	141,275	42,484
Employee Benefits	60,652	60,652	50,197	10,455
Services and Supplies	199,660	199,660	381,127	(181,467)
Subtotal Recreation Administration	444,071	444,071	572,599	(128,528)
Community Services Debt Service				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Subtotal Comm. Services Debt Service	384,354	-	-	-
Function Subtotal	\$ 27,197,671	\$ 17,926,815	\$ 16,546,104	\$ 1,380,711

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Culture and Recreation:				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees	968,500	968,500	966,817	(1,683)
Investment Earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
EXPENDITURES				
Beach:				
Salaries and Wages	932,898	932,898	801,253	131,645
Employee Benefits	240,804	240,804	185,239	55,565
Services and Supplies	935,488	935,488	771,902	163,586
Capital Outlay	990,050	-	-	-
Debt Service				
Principal	5,812	-	-	-
Interest	477	-	-	-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,394</u>	<u>350,796</u>
Excess (deficiency) of revenues over expenditures	(625,729)	370,610	856,427	485,817
OTHER FINANCING SOURCES (USES)				
Operating Transfer In -	-	-	13,125	13,125
Operating Transfers Out - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers Out - Debt Service	-	(6,289)	(6,289)	-
Net change in fund balance	<u>(625,729)</u>	<u>(625,729)</u>	<u>781,254</u>	<u>1,406,983</u>
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,632</u>	<u>\$ 1,468,190</u>

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Sales of Assets and Intangibles	\$ -	\$ -	\$ -	\$ -
Capital Grants	-	-	1,637,399	1,637,399
Total revenues	-	-	1,637,399	1,637,399
EXPENDITURES				
COMMUNITY SERVICES RECREATION:				
Championship Golf	-	653,200	439,872	213,328
Mountain Golf	-	2,420,700	1,592,962	827,738
Facilities	-	180,400	71,584	108,816
Ski	-	2,770,850	792,711	1,978,139
Community Programming	-	468,650	244,815	223,835
Parks	-	1,028,752	1,944,812	(916,060)
Tennis	-	1,363,950	233,778	1,130,172
Comm. Serv. Administration	-	-	(261,503)	261,503
Total expenditures	-	8,886,502	5,059,031	3,827,471
Excess (deficiency) of revenues over expenditures	-	(8,886,502)	(3,421,632)	5,464,870
OTHER FINANCING SOURCES				
Operating Transfers In - Capital Projects	-	8,886,502	3,421,632	(5,464,870)
Total other financing sources	-	8,886,502	3,421,632	(5,464,870)
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Beach	\$ -	\$ 990,050	\$ 82,009	\$ 908,041
Total expenditures	-	990,050	82,009	908,041
Excess (deficiency) of revenues over expenditures	-	(990,050)	(82,009)	908,041
OTHER FINANCING SOURCES				
Operating Transfers In - Capital Projects	-	990,050	82,009	(908,041)
Total other financing sources	-	990,050	82,009	(908,041)
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Community Services - GO Revenue Supported				
Principal	\$ -	\$ 355,188	\$ 355,188	\$ -
Interest	-	29,166	29,166	-
Total expenditures	-	384,354	384,354	-
Excess (deficiency) of revenues over expenditures	-	(384,354)	(384,354)	-
OTHER FINANCING SOURCES				
Operating Transfers In - Debt Service	-	384,354	384,354	-
Total other financing sources	-	384,354	384,354	-
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Beach				
Principal	\$ -	\$ 5,812	\$ 5,812	\$ -
Interest	-	477	477	-
Total expenditures	-	6,289	6,289	-
Excess (deficiency) of revenues over expenditures	-	(6,289)	(6,289)	-
OTHER FINANCING SOURCES				
Operating Transfers In - Debt Service	-	6,289	6,289	-
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
UTILITY FUND - BUDGETARY BASIS
WATER, SEWER AND TRASH ACTIVITIES
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Sales and service fees	\$ 12,307,369	\$ 12,396,967	\$ 89,598
Intergovernmental services	199,200	-	(199,200)
Interfund services	141,400	167,499	26,099
Investment earnings	193,500	298,225	104,725
Total revenues	<u>12,841,469</u>	<u>12,862,691</u>	<u>21,222</u>
EXPENSES			
Wages	2,799,411	2,878,920	(79,509)
Benefits	1,407,335	1,272,562	134,773
Services and supplies	2,106,672	2,297,287	(190,615)
Utilities	929,499	894,515	34,984
Professional Fees	148,600	221,815	(73,215)
Central Services cost	353,700	353,700	-
Defensible Space	100,000	97,876	2,124
Depreciation	3,310,000	3,367,361	(57,361)
Debt service interest	111,838	111,838	-
Total expenses	<u>11,267,055</u>	<u>11,495,874</u>	<u>(228,819)</u>
NONOPERATING ITEMS			
Gain(loss) on sale of assets	-	(22,332)	(22,332)
Transfers In (Out)	-	45,000	45,000
Total Nonoperating items	<u>-</u>	<u>22,668</u>	<u>22,668</u>
Changes in Net Position	<u>\$ 1,574,414</u>	<u>\$ 1,389,485</u>	<u>\$ (184,929)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets - New Projects	<u>\$ 5,861,000</u>	<u>\$ 1,496,380</u>	<u>\$ (4,364,620)</u>
Payments of Principal on Capital Debt	<u>\$ 523,988</u>	<u>\$ 523,988</u>	<u>\$ -</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
INTERNAL SERVICES FUND - BUDGETARY BASIS
(FLEET, ENGINEERING AND BUILDINGS MAINTENANCE
AND WORKERS COMPENSATION ACTIVITIES)
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Services provided by:				
Fleet	\$ 1,148,605	\$ 1,148,605	\$ 1,111,184	\$ (37,421)
Engineering	912,000	912,000	639,450	(272,550)
Buildings Maintenance	1,094,702	1,094,702	873,185	(221,517)
Interfund Services	<u>3,155,307</u>	<u>3,155,307</u>	<u>2,623,819</u>	<u>(531,488)</u>
Total Revenues	<u>3,155,307</u>	<u>3,155,307</u>	<u>2,623,819</u>	<u>(531,488)</u>
EXPENSES				
Wages	1,544,270	1,544,270	1,304,304	239,966
Benefits	799,470	799,470	672,372	127,098
Services and Supplies	777,857	777,857	777,201	656
Utilities	11,520	11,520	11,440	80
Legal & Audit	9,000	9,000	-	9,000
Depreciation	13,560	13,560	12,561	999
Total expenses	<u>3,155,677</u>	<u>3,155,677</u>	<u>2,777,878</u>	<u>377,799</u>
Operating Income (loss)	<u>(370)</u>	<u>(370)</u>	<u>(154,059)</u>	<u>(153,689)</u>
Changes in Net Position	<u>\$ (370)</u>	<u>\$ (370)</u>	<u>\$ (154,059)</u>	<u>\$ (153,689)</u>

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION (UNAUDITED)

The Statistical Section of the Incline Village General Improvement District Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information indicates about the District's overall financial health.

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Financial Trends

These schedules contain trend information to help understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help assess the District's most significant local revenue source, the Facility Fee, property tax and local share of state-wide shared taxes.

Debt Capacity

These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. Certain amounts in prior year statements have been reclassified for comparisons purposes to conform to current year presentations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

District-wide Net Position, based on Statement of Net Position

Last Ten Fiscal Years - (unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net invested in capital assets	\$ 57,665,962	\$ 56,147,092	\$ 52,880,021	\$ 50,729,901	\$ 48,555,965	\$ 47,729,659	\$ 44,322,574	\$ 42,560,434	\$ 40,313,677	\$ 38,304,227
Restricted	142,135	136,993	183,037	180,564	178,426	187,825	246,604	270,359	955,415	869,013
Unrestricted	21,457,789	19,371,388	18,130,708	16,887,487	13,973,745	9,114,898	10,106,521	9,434,133	6,473,085	5,432,800
Total governmental activities net position	\$ 79,265,886	\$ 75,655,473	\$ 71,193,766	\$ 67,797,952	\$ 62,708,136	\$ 57,032,382	\$ 54,675,699	\$ 52,264,926	\$ 47,742,177	\$ 44,606,040
Business-type activities										
Net invested in capital assets	\$ 63,202,365	\$ 64,549,358	\$ 64,377,397	\$ 59,817,845	\$ 57,974,014	\$ 57,365,832	\$ 56,875,962	\$ 56,144,425	\$ 56,598,673	\$ 53,051,044
Restricted	322,895	316,611	309,344	305,022	226,208	225,435	225,185	224,951	226,777	231,514
Unrestricted	15,172,503	12,442,309	9,971,293	12,536,210	12,026,276	11,228,881	10,113,847	9,197,509	5,554,147	7,552,741
Total business-type activities net position	\$ 78,697,763	\$ 77,308,278	\$ 74,658,034	\$ 72,659,077	\$ 70,226,498	\$ 68,820,148	\$ 67,214,994	\$ 65,566,885	\$ 62,379,597	\$ 60,835,299
Primary government										
Net invested in capital assets	\$ 120,868,327	\$ 120,696,450	\$ 117,257,418	\$ 110,547,746	\$ 106,529,979	\$ 105,095,491	\$ 101,198,536	\$ 98,704,859	\$ 96,912,350	\$ 91,355,271
Restricted	465,030	453,604	492,381	485,586	404,634	413,260	471,789	495,310	1,182,192	1,100,527
Unrestricted	36,630,292	31,813,697	28,102,001	29,423,697	26,000,021	20,343,779	20,220,368	18,631,642	12,027,232	12,985,541
Total primary government net position	\$ 157,963,649	\$ 152,963,751	\$ 145,851,800	\$ 140,457,029	\$ 132,934,634	\$ 125,852,530	\$ 121,890,693	\$ 117,831,811	\$ 110,121,774	\$ 105,441,339

Source: District Comprehensive Annual Financial Report Government-wide Statement of Net Position, restated to align classifications for all years to governmental activities. 2018 is restated for Prior Period Adjustment

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**District-wide Changes in Net Position, based on Statement of Activities
Last Ten Fiscal Years - (unaudited)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 4,098,969	\$ 4,194,237	\$ 3,828,917	\$ 3,814,458	\$ 3,672,661	\$ 3,220,478	\$ 3,189,596	\$ 2,929,928	\$ 3,265,830	\$ 3,882,904
Community Services	19,567,351	20,310,745	18,947,246	18,599,633	17,237,889	15,359,833	15,036,116	14,704,572	14,936,896	15,609,165
Beach	2,010,175	2,141,695	1,848,969	1,802,103	1,689,472	1,517,855	1,363,778	1,144,073	1,145,077	1,267,913
Internal services	-	3,306,507	3,053,400	2,947,302	2,972,060	2,503,958	2,267,111	1,792,260	1,949,861	1,979,196
Interest on long-term debt	29,643	35,017	97,083	160,366	205,263	201,882	252,324	371,938	476,635	437,360
Total governmental activities expenses	25,706,138	29,988,201	27,775,615	27,323,862	25,777,345	22,804,006	22,108,925	20,942,771	21,774,299	23,176,538
Business-type activities:										
Utilities	11,495,874	10,428,137	10,113,371	9,729,775	9,781,165	9,442,666	9,029,675	8,480,954	8,404,350	8,568,015
Interest on long-term debt	-	126,351	140,463	154,186	167,530	180,505	193,123	186,608	178,631	207,139
Total business-type activities expenses	11,495,874	10,554,488	10,253,834	9,883,961	9,948,695	9,623,171	9,222,798	8,667,562	8,582,981	8,775,154
Total primary government expenses	37,202,012	40,542,689	38,029,449	37,207,823	35,726,040	32,427,177	31,331,723	29,610,333	30,357,280	31,951,692
Program Revenues										
Governmental activities:										
Central Services Costs (& equivalent pre-2012)	-	1,169,400	1,094,000	1,177,200	1,123,000	1,101,000	1,068,996	1,000,200	1,074,000	924,154
Charges for services										
Community Services	15,597,229	17,765,644	14,743,788	16,820,165	15,596,222	10,485,799	10,634,172	10,900,298	10,435,232	11,629,020
Beach	1,619,582	1,492,687	1,266,613	1,065,015	1,002,518	989,602	1,032,621	980,240	568,277	445,307
Capital Grants	1,654,399	-	-	-	-	-	-	-	-	-
Internal Services	-	3,304,862	3,190,849	3,114,747	2,935,521	2,560,122	2,280,296	2,045,412	1,891,200	1,964,322
Total governmental activities revenues	18,871,210	23,732,593	20,295,250	22,177,127	20,657,261	15,136,523	15,016,085	14,926,150	13,968,709	14,962,803
Business-type activities:										
Charges for services										
Utilities	12,564,466	12,785,742	11,925,557	11,813,169	11,158,119	10,851,123	10,434,118	9,767,475	9,127,955	8,485,161
Operating Grants and Contributions										
Total business-type activities revenue	12,564,466	12,787,182	11,925,557	11,813,169	11,158,119	10,851,123	10,434,118	9,767,475	9,127,955	8,485,161
Total primary government revenue	31,435,676	36,519,775	32,220,807	33,990,296	31,815,380	25,987,646	25,450,203	24,693,625	23,096,664	23,447,964
Net (Expense)/Revenue										
Governmental activities	(6,834,928)	(6,255,608)	(7,480,365)	(5,146,735)	(5,120,084)	(7,667,483)	(7,092,840)	(6,016,621)	(7,805,590)	(8,213,735)
Business-type activities	1,068,592	2,232,694	1,671,723	1,929,208	1,209,424	1,227,952	1,211,320	1,099,913	544,974	(289,993)
Total primary government net (expense)/revenue	(5,766,336)	(4,022,914)	(5,808,642)	(3,217,527)	(3,910,660)	(6,439,531)	(5,881,520)	(4,916,708)	(7,260,616)	(8,503,728)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	1,722,896	1,622,486	1,546,575	1,476,148	1,498,519	1,377,337	1,293,676	1,307,715	1,325,436	1,094,166
Combined taxes	1,719,933	1,690,222	1,637,250	1,484,830	1,487,986	1,369,950	1,277,567	1,205,091	1,106,183	1,101,055
Facility Fees - Community Services	5,774,067	5,787,078	5,799,206	5,973,914	5,995,248	6,018,616	6,024,564	5,962,384	5,919,707	6,067,022
Facility Fees- Beach	966,817	969,332	972,316	775,337	777,574	778,149	780,716	775,102	899,565	783,029
Investment earnings	587,208	563,685	175,122	83,842	150,795	124,306	103,106	88,116	193,562	102,384
Miscellaneous	384,429	204,245	190,578	310,425	299,355	120,134	170,981	63,692	127,338	306,352
Grants and contributions	-	267	558,128	132,055	586,361	235,674	(407)	1,137,270	1,369,936	2,126,748
Transfers	(45,000)	(120,000)	-	-	-	-	-	-	-	-
Accounting Adjustments	-	-	-	-	-	-	(146,589)	-	-	1,787,393
Total governmental activities other changes	11,110,350	10,717,315	10,879,175	10,236,551	10,795,838	10,024,166	9,503,614	10,539,370	10,941,727	13,368,149
Business-type activities										
Investment earnings	298,225	282,484	77,280	60,132	154,162	81,996	61,007	55,666	86,010	151,646
Capital Grants and contributions	-	-	199,934	425,509	-	329,705	461,994	2,013,853	912,933	1,220,938
Miscellaneous	(22,332)	15,066	50,020	17,730	42,764	(34,499)	(4,712)	17,856	381	7,756
Transfers	45,000	120,000	-	-	-	-	-	-	-	-
Accounting Adjustments	-	-	-	-	-	-	(81,501)	-	-	334,217
Total business-type activities other changes	320,893	417,550	327,234	503,371	196,926	377,202	436,788	2,087,375	999,324	1,714,557
Change in Net Position										
Governmental activities	4,275,422	4,461,707	3,398,810	5,089,816	5,675,754	2,356,683	2,410,774	4,522,749	3,136,137	5,154,414
Business-type activities	1,389,485	2,650,244	1,998,957	2,432,579	1,406,350	1,605,154	1,648,108	3,187,288	1,544,298	1,424,564
Total primary government	\$ 5,664,907	\$ 7,111,951	\$ 5,397,767	\$ 7,522,395	\$ 7,082,104	\$ 3,961,837	\$ 4,058,882	\$ 7,710,037	\$ 4,680,435	\$ 6,578,978

Source: District Comprehensive Annual Financial Report Government-wide Statement of Activities, restated all years to align with the classifications of governmental activities. 2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Fund Balances of Governmental Funds Last Ten Fiscal Years (unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Non-spendable	\$ 159,611	\$ 196,742	\$ 224,707	\$ 213,462	\$ 268,005	\$ 218,623	\$ 237,021	\$ 191,780	\$ 174,157	\$ 504,077
Restricted	1,359,737	-	-	-	-	-	-	-	52,000	-
Committed	-	-	-	-	400,000	400,000	400,000	400,000	400,000	-
Unassigned	3,110,801	3,568,844	3,098,079	1,648,787	1,151,988	882,664	754,000	294,887	357,734	111,697
Total General Fund	\$ 4,630,149	\$ 3,765,586	\$ 3,322,786	\$ 1,862,249	\$ 1,819,993	\$ 1,501,287	\$ 1,391,021	\$ 886,667	\$ 983,891	\$ 615,774
Community Services										
Special Revenue Fund										
Non-spendable	\$ 503,176	\$ 936,311	\$ 868,600	\$ 878,949	\$ 751,640	\$ 660,409	\$ 658,053	\$ 705,131	\$ 685,798	\$ 474,069
Restricted	141,135	135,993	78,157	77,136	76,674	86,421	86,332	87,261	101,617	130,467
Committed	14,636,603	-	-	-	-	-	-	-	-	-
Assigned - operations	-	12,261,649	9,053,712	9,364,056	7,026,514	4,610,925	5,279,561	5,275,226	3,949,021	3,752,098
Capital Projects - Assigned	-	-	2,327,477	2,423,806	2,061,541	-	-	-	-	-
Debt Service - Assigned	-	-	51,553	27,394	2,111	-	-	-	-	-
Total Comm. Services	\$ 15,280,914	\$ 13,333,953	\$ 12,379,499	\$ 12,771,341	\$ 9,918,480	\$ 5,357,755	\$ 6,023,946	\$ 6,067,618	\$ 4,736,436	\$ 4,356,634
Beach										
Special Revenue Fund										
Non-spendable	\$ -	\$ 34,532	\$ 47,075	\$ 30,328	\$ 19,614	\$ 23,520	\$ 19,328	\$ 17,222	\$ 18,265	\$ -
Restricted	1,000	1,000	1,000	1,000	-	-	-	-	-	-
Committed	2,590,632	-	-	-	-	-	-	-	-	-
Assigned - operations	-	1,774,846	1,330,016	1,038,909	1,040,136	1,084,266	1,652,877	1,514,417	1,467,463	1,177,762
Capital Projects - Assigned	-	-	85,740	5,155	20,379	-	-	-	-	-
Debt Service - Assigned	-	-	4,606	3,104	1,572	-	-	-	-	-
Total Beach	\$ 2,591,632	\$ 1,810,378	\$ 1,468,437	\$ 1,078,496	\$ 1,081,701	\$ 1,107,786	\$ 1,672,205	\$ 1,531,639	\$ 1,485,728	\$ 1,177,762

Board of Trustee action to create the Special Revenue, Capital Project and Debt Service Funds was effective July 1, 2016, and thus start the separate commitments and assignments.

2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years ended June 30 (unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 3,478,074	\$ 3,323,633	\$ 3,174,544	\$ 2,960,847	\$ 2,984,992	\$ 2,747,287	\$ 2,571,243	\$ 2,512,806	\$ 2,431,619	\$ 2,195,221
Charges for Services	17,105,010	19,241,331	15,993,401	17,886,620	16,598,740	11,458,401	11,560,555	11,783,415	10,925,809	11,990,328
Facility Fees	6,740,884	6,797,896	6,737,396	6,754,489	6,760,224	6,796,765	6,805,280	6,737,486	6,819,272	6,850,050
Central Services Charges		1,169,400	1,094,000	1,177,200	1,123,000	1,101,000	1,068,996	1,000,200	1,074,000	924,154
Operating and Capital Grants	1,654,399	17,000	17,000	17,000	19,880	17,000	106,238	97,123	77,700	84,000
Investment Earnings	587,208	563,325	161,551	81,366	115,690	99,634	78,855	65,199	54,112	66,872
Miscellaneous	193,552	114,779	111,495	198,729	516,763	116,224	111,315	72,307	75,468	29,818
Total Revenues	<u>29,759,127</u>	<u>31,227,364</u>	<u>27,289,387</u>	<u>29,076,251</u>	<u>28,119,289</u>	<u>22,336,311</u>	<u>22,302,482</u>	<u>22,268,536</u>	<u>21,457,980</u>	<u>22,140,443</u>
Expenditures										
General Government:										
General Fund - current	2,432,435	3,933,149	3,586,203	3,603,667	3,510,247	3,139,473	3,059,518	2,907,061	2,874,413	2,943,084
Capital Outlay	279,424	121,257	113,813	148,435	79,331	644,383	84,849	46,452	9,953	211,657
Recreation:										
Community Services - current	16,546,104	17,288,580	16,137,428	15,919,959	14,853,575	13,019,001	12,742,330	12,458,356	12,577,779	13,185,666
Community Services - Capital Projects	5,059,031	6,043,500	3,905,926	3,633,210	2,344,198	2,832,606	2,266,640	2,094,299	2,785,667	7,058,131
Community Services - Debt Service	384,354	381,401	1,285,340	1,284,257	1,283,074	1,761,635	1,758,931	2,239,198	2,271,093	2,352,479
Beach - current	1,758,394	1,906,516	1,619,746	1,587,259	1,493,554	1,368,428	1,226,285	1,026,756	1,028,133	1,147,809
Beach - Capital Projects	82,009	284,298	221,248	256,161	319,152	695,822	167,375	550,397	7,196	138,173
Beach - Debt Service	6,289	6,241	6,237	6,215	6,189	276,005	277,192	133,177	133,893	245,237
Total Expenditures	<u>26,548,040</u>	<u>29,964,942</u>	<u>26,875,941</u>	<u>26,439,163</u>	<u>23,889,320</u>	<u>23,737,353</u>	<u>21,583,120</u>	<u>21,455,696</u>	<u>21,688,127</u>	<u>27,282,236</u>
Other Financing Sources (Uses)										
Transfers In	-	474,356	800,000	-	-	-	-	-	-	-
Transfer (Out)	(45,000)	(120,000)	-	-	-	-	-	-	-	-
Sale of assets	44,639	40,159	88,415	141,216	37,016	3,910	67,213	(8,615)	51,531	273,969
Insurance Proceeds	243,548	50,300	-	-	-	-	-	-	-	-
Capital Grants	-	31,958	156,775	113,615	586,361	235,674	(407)	1,137,270	1,369,936	2,126,748
Washoe Co Tax Refund	-	-	-	-	-	-	-	(694,817)	(280,460)	-
Total Other Sources (Uses)	<u>243,187</u>	<u>476,773</u>	<u>1,045,190</u>	<u>254,831</u>	<u>623,377</u>	<u>239,584</u>	<u>66,806</u>	<u>433,838</u>	<u>1,141,007</u>	<u>2,400,717</u>
Net Changes in Fund Balance	<u>\$ 3,454,274</u>	<u>\$ 1,739,195</u>	<u>\$ 1,458,636</u>	<u>\$ 2,891,919</u>	<u>\$ 4,853,346</u>	<u>\$ (1,161,458)</u>	<u>\$ 786,168</u>	<u>\$ 1,246,678</u>	<u>\$ 910,860</u>	<u>\$ (2,741,076)</u>

2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Assessed and Estimated Actual Value of Taxable Real Property Last Ten Fiscal Years (unaudited)

Fiscal Year Ended	Taxable Real Property Assessed Value	Direct Tax Rate	Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
2020	\$ 1,717,224,973	0.1267	\$ 4,906,357,066	35%
2019	\$ 1,666,387,475	0.1224	4,761,107,071	35%
2018	1,623,315,601	0.1182	4,638,044,574	35%
2017	1,532,912,733	0.1183	4,379,750,666	35%
2016	1,484,624,556	0.1269	4,241,784,446	35%
2015	1,456,574,018	0.1157	4,161,640,051	35%
2014	1,392,531,036	0.1105	3,978,660,103	35%
2013	1,374,297,099	0.1153	3,926,563,140	35%
2012	1,368,961,464	0.1129	3,911,318,469	35%
2011	1,448,979,941	0.0806	4,139,942,689	35%

SOURCE: State of Nevada Department of Taxation

(Washoe County implemented a County-wide 15% reduction of assessed valuation in 2010)

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Direct and Overlapping Tax Districts
Last Ten Fiscal Years Ended June 30 (unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Incline Village GID-Direct	\$ 0.1267	\$ 0.1224	\$ 0.1182	\$ 0.1183	\$ 0.1269	\$ 0.1157	\$ 0.1105	\$ 0.1153	\$ 0.1129	\$ 0.0806
Overlapping-										
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
North Lake Tahoe Fire District	0.6291	0.6291	0.6291	0.6291	0.6291	0.6291	0.6291	0.6414	0.5525	0.5389
State of Nevada	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Total Rate Per \$100 assessed valuation	\$ 3.4560	\$ 3.4517	\$ 3.4475	\$ 3.4476	\$ 3.4562	\$ 3.4450	\$ 3.4398	\$ 3.4569	\$ 3.3656	\$ 3.3197

SOURCE: Nevada Dept. of Taxation - Total Property Tax Rates by Taxing Unit

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Property Taxpayers

Current Fiscal Year and Nine Years Ago (unaudited)

Taxpayer	Type of Entity	Number of Parcels	2020 Assessed Value	% of Total Assessed Value	2011 Assessed Value	% of Total Assessed Value	Rank
Top Ten (Current Year):							
Hyatt Equities LLC	Hotel/Casino	2	\$ 28,991,586	1.69%	\$ 22,195,078	1.53%	1
Cascade Beach LLC	Residential Property	2	13,232,589	0.77%			
Tahoe Estates LLC	Residential Property	2	12,780,397	0.74%	6,453,389	0.45%	9
1145 Lakeshore Boulevard	Residential Property	1	10,846,470	0.63%	2,979,856	0.21%	
Ponderosa Ranch LLC	Residential Property	22	10,647,365	0.62%	10,761,996	0.74%	3
Lakeshore Trust	Residential Property	1	8,887,047	0.52%	7,640,049	0.53%	5
SF Pacific LLC	Residential Property	1	8,725,747	0.51%	4,218,975	0.29%	
Nevada Pacific Development Corp.	Residential Property	32	7,903,851	0.46%			
HTS Ground Lake Tahoe INC	Residential Property	60	6,948,428	0.40%	5,334,121	0.37%	6
KWS Nevada Residential LLC	Residential Property	3	6,607,828	0.38%	5,382,782	0.37%	7
In Prior Top Ten:							
David A Duffield Trust	Residential Property	11			7,809,849	0.54%	4
Lacey Family Trust/1041 Realty Trust	Residential Property	1			5,317,696	0.37%	8
			<u>\$ 115,571,308</u>	<u>6.73%</u>	<u>\$ 78,093,791</u>	<u>5.39%</u>	
Total IVGID Community			<u>\$ 1,717,224,973</u>	<u>100.00%</u>	<u>\$ 1,448,979,941</u>	<u>100.00%</u>	

SOURCE: Washoe County Assessors Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Tax Levies, Collections and Delinquencies - Washoe County as a Whole (In Thousands)
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ending June 30,	Net Levy Roll	Current Tax Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Cumulative Taxes Collected	Total Taxes Collected as a % of Net Levy Roll
2020	\$ 535,123	\$ 532,811	99.57%	\$ 2,312	\$ 535,123	100.00%
2019	500,623	498,311	99.55%	1,817	500,128	99.90%
2018	473,365	471,229	99.55%	1,745	472,974	99.92%
2017	452,327	449,930	99.47%	2,295	452,225	99.98%
2016	440,185	438,074	99.52%	2,093	440,167	100.00%
2015	424,115	421,125	99.30%	2,983	424,108	100.00%
2014	411,260	407,469	99.08%	3,787	411,256	100.00%
2013	411,058	405,977	98.76%	5,075	411,052	100.00%
2012	422,799	416,849	98.59%	5,947	422,796	100.00%
2011	458,717	451,994	98.53%	6,720	458,714	100.00%

SOURCE: Washoe County Comptroller's Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ended	<u>Governmental-Type Activities:</u>			<u>Business-Type Activities:</u>			Gross Bonded Debt	Percentage Payable by	Percentage Payable by	Population	Debt Per Capita
	G. O. & Revenue Pledged	General Obligation Only	Total	Revenue Pledged	General Obligation	Total		Property Taxes	Pledged Revenues		
2020	\$ 1,137,000	\$ -	\$ 1,137,000	\$ 936,301	\$ 3,148,637	\$ 4,084,938	\$ 5,221,938	0%	100%	9087	\$ 575
2019	1,498,000	-	1,498,000	1,144,565	3,464,361	4,608,926	6,106,926	0%	100%	9087	672
2018	1,848,000	-	1,848,000	1,346,488	3,772,116	5,118,604	6,966,604	0%	100%	9087	767
2017	2,190,000	845,000	3,035,000	1,542,263	4,072,102	5,614,365	8,649,365	0%	100%	9087	952
2016	2,523,000	1,635,000	4,158,000	1,732,078	4,364,517	6,096,595	10,254,595	0%	100%	9087	1,128
2015	2,847,000	2,395,000	5,242,000	1,916,115	4,649,552	6,565,667	11,807,667	0%	100%	9087	1,299
2014	3,901,000	3,125,000	7,026,000	2,094,548	4,927,395	7,021,943	14,047,943	0%	100%	9087	1,546
2013	4,925,000	3,825,000	8,750,000	2,267,548	5,198,228	7,465,776	16,215,776	0%	100%	9087	1,785
2012	5,495,000	5,195,000	10,690,000	2,435,281	3,495,379	5,930,660	16,620,660	0%	100%	9087	1,829
2011	6,045,000	6,520,000	12,565,000	2,597,909	3,483,477	6,081,386	18,646,386	0%	100%	9087	2,052

SOURCE: Incline Village General Improvement District Annual Indebtedness/Debt Management Reports/Restated for change in classification of the Community Services and Beach activities from Business-type to Governmental Type as of July 1, 2015.

Note: All outstanding bonds carry a revenue pledge, some also carry a secondary General Obligation pledge. However, no tax levy is made to fund debt service because net revenues are sufficient to meet these obligations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

OUTSTANDING OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS

Last ten fiscal years (unaudited)

	General Obligation Indebtedness	Presently Self-Supported General Obligation Indebtedness	Percent Applicable * Incline Village	As of June 30, 2020 Applicable Net Debt
Washoe County	\$ 120,853,000	\$ 36,421,000	9.869%	\$ 8,332,592
Washoe County School District	1,035,502,000	-	9.869%	102,193,670
State of Nevada	1,283,145,000	349,439,000	1.391%	12,984,468
Total	2,439,500,000	385,860,000		123,510,730
Incline Village GID	6,101,609	6,101,609		-
Total	\$ 2,445,601,609	\$ 391,961,609		\$ 123,510,730
Applicable Net Debt June 30:				
2020				\$ 123,510,730
2019				95,146,841
2018				99,064,878
2017				77,387,251
2016				73,677,678
2015				79,052,199
2014				92,762,454
2013				96,542,090
2012				94,180,056

*Percentage Applicable based on Assessed Valuation as reported by the Nevada Department of Taxation

SOURCE: Washoe County Comptrollers Office and Nevada Department of Taxation

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Incline Village General Improvement District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Utility Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Other Revenues (Expenses)	Net Available Revenue	Debt Service	Debt Service Coverage
2020	\$ 12,564,466	\$ 8,016,675	\$ 275,893	\$ 4,823,684	\$ 643,135	7.50
2019	12,785,742	7,274,328	297,550	5,808,964	643,134	9.03
2018	11,925,557	7,139,740	127,300	4,913,117	643,135	7.64
2017	11,813,170	6,783,853	78,554	5,107,871	643,133	7.94
2016	11,158,119	6,804,140	149,326	4,503,305	636,808	7.07
2015	10,851,123	6,549,802	20,591	4,321,912	636,781	6.79
2014	10,434,118	6,270,919	56,295	4,219,494	636,956	6.62
2013	9,767,475	5,867,114	73,522	3,973,883	965,108	4.12
2012	9,127,955	5,839,109	86,391	3,375,237	1,010,929	3.34
2011	8,485,161	5,845,108	159,402	2,799,455	1,013,922	2.76

Notes- Details regarding the District's outstanding debt can be found in the notes to the financial statements. Expenses do not include interest, depreciation or amortization.

Debt service represents all outstanding debt of the Utility departments.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Community Services and Beach Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

Fiscal Year	Operating Revenues	Less: Operating Expenses	Other Revenues (Expenses)	Net Available Revenue	Debt Service	Debt Service Coverage
2020	\$ 24,245,304	\$ 18,304,498	\$ 288,187	\$ 6,228,993	\$ 390,643	15.95
2019	26,024,657	19,195,096	112,777	6,942,338	387,642	17.91
2018	22,730,797	17,757,174	71,591	5,045,214	1,291,577	3.91
2017	24,617,436	17,507,218	29,686	7,139,904	1,290,472	5.53
2016	20,666,327	16,347,129	69,701	4,388,899	1,289,263	3.40
2015	18,272,166	14,392,676	173,933	4,053,423	2,028,342	2.00
2014	18,472,073	14,002,615	196,763	4,666,221	2,025,584	2.30
2013	18,618,024	13,485,112	90,791	5,223,703	2,353,561	2.22
2012	17,771,350	13,605,912	153,785	4,319,223	2,385,541	1.81
2011	18,867,490	13,871,398	335,293	5,331,385	2,586,856	2.06

Debt service represents all outstanding debt of the Community Service and Beach Funds, because proceeds from some issues were used by both funds.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Ratio of Annual Debt Service Expenditures
To Governmental and Business Type Expenditures/Expenses
For the last 10 Years (unaudited)**

<u>Year</u>	<u>Governmental Type Debt Service Expenditures</u>	<u>Business Type Debt Service Expenditures</u>	<u>Total District Debt Service Expenditures</u>	<u>Total Governmental Type Expenditures</u>	<u>Total Business Type Expenses</u>	<u>Ratio Debt Service to Governmental Type Expenditures</u>	<u>Ratio Debt Service to Business Type Expenses</u>
2020	\$ 390,643	\$ 643,135	\$ 1,033,778	\$ 25,706,138	\$ 11,495,874	1.52%	5.59%
2019	387,642	643,134	1,030,776	28,795,542	10,554,488	1.35%	6.09%
2018	1,291,577	643,135	1,934,712	25,781,941	10,113,371	5.01%	6.36%
2017	1,290,472	643,135	1,933,607	25,261,963	9,729,775	5.11%	6.61%
2016	1,289,263	636,808	1,926,071	24,654,345	9,901,095	5.23%	6.43%
2015	2,028,342	636,781	2,665,123	23,737,353	9,442,666	8.54%	6.74%
2014	2,025,584	636,956	2,662,540	21,583,120	9,029,675	9.39%	7.05%
2013	2,353,561	965,108	3,318,669	21,455,696	8,480,954	10.97%	11.38%
2012	2,385,541	1,010,929	3,396,470	21,688,127	8,404,350	11.00%	12.03%
2011	2,586,856	1,013,922	3,600,778	27,282,236	8,568,015	9.48%	11.83%

SOURCE: Incline Village General Improvement District Comprehensive Annual Financial Reports

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Statutory Debt Limitation Last Ten Fiscal Years (unaudited)

Fiscal Year Ending June 30,	Assessed Valuation	Debt Limit	Outstanding and Proposed General Obligation Debt	Additional Statutory Debt Capacity
2020	\$ 1,717,224,973	\$ 858,612,000	\$ 5,221,938	\$ 853,390,062
2019	1,666,387,475	833,193,738	6,106,926	827,086,812
2018	1,623,315,601	811,657,801	6,966,604	804,691,197
2017	1,532,912,733	766,456,367	8,649,365	757,807,002
2016	1,484,624,556	742,312,278	10,254,595	732,057,683
2015	1,456,574,018	728,287,009	11,807,667	716,479,342
2014	1,392,531,036	696,265,518	14,047,943	682,217,575
2013	1,374,297,099	687,148,550	16,215,766	670,932,784
2012	1,368,961,464	684,480,732	16,620,660	667,860,072
2011	1,448,979,941	724,489,971	18,646,386	705,843,585

SOURCE: State of Nevada Department of Taxation

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Median Age</u>	<u>County Personal Income²</u>	<u>Housing Units</u>	<u>Occupied Housing Units</u>	<u>Housing Seasonal Use</u>	<u>Reno-Sparks Unemployment Rate²</u>
2020	9087						8.7%
2019	9087						4.0%
2018	9087						3.5%
2017	9087						4.0%
2016	9087						5.9%
2015	9087						6.4%
2014	9087						7.3%
2013	9087						9.8%
2012	9087						12.0%
2011	9087						13.0%
2000 ¹	9952	42.1	\$36,658	7,664	4,176	2,957	4.0%

1 Based on actual Census Data

2 Best available unemployment data, a rate is not determined for our immediate area.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Principal Employers - Incline Village and Crystal Bay
Current Fiscal Year and Past Years as Available (unaudited)**

Employer	Ranking by Year								
	2020	2019	2018	2017	2016	2015	2014	2013	2012
HYATT LAKE TAHOE RESORT	1	1	1	1	1	1	1	1	1
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	2	2	2	2	2	2	2	2	2
GRAND LODGE CASINO AT HYATT (and predecessors)	3	3	3	4	4	5		5	5
TAHOE BILTMORE	4	4	4	7			3	8	6
SIERRA NEVADA COLLEGE	5	5	5	3	3	4	4	3	3
RALEY'S	6	6	6	9	6	6	6	9	7
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	7	7	8	8	8	9	7		9
TAHOE FOREST HOSPITAL HEALTH	8	8	9		10	10	9	10	10
WASHOE COUNTY SCHOOL DISTRICT	9	9	10						
ASSOCIATED SIERRA NORTH	10	10					10		
CRYSTAL BAY CLUB CASINO			7	5	7		5	6	4
ACE TOTAL SERVICES INC (Excel)				6	5	3		7	8
KELLY BROTHERS PAINTING INC.				10	9	8			
CAL_NEVA LODGE							8		
Single Residence Project Employers:									
BOC-NEVADA, INC.								4	
BLUE ROCK DEVELOPMENT						7			

SOURCE: Nevada Department of Employment, Training and Rehabilitation (DETR)
 DETR indicates the methodology for determining rankings has changed year on year.
 Data for all years is not available.
 Data for percentage to total employment is not available.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Position and Full Time Equivalent Personnel Summary
Community Services and All Other Activities
For the last Ten Years (unaudited)**

	Budget year ending June 30	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Golf	Seasonal/Part Time Positions	123.0	122.8	113.8	117.9	105.2	107.2	97.5	103.5	72.3	68.5
	Season/Part Time FTE	40.6	41.2	38.4	38.4	35.0	37.0	35.3	36.8	27.4	29.1
	Full Time FTE	7.0	11.4	11.6	11.0	7.9	7.2	6.7	6.8	6.99	8.1
	Total FTE	47.6	52.6	50.0	49.4	42.9	44.2	42.0	43.6	34.39	37.16
Facilities	Seasonal/Part Time Positions	0.3	0.3	0.3	0.3	1.7	1.7	16.5	2.0	1.8	1.5
	Season/Part Time FTE	0.5	0.2	0.1	0.1	1.2	1.2	3.6	1.0	1.0	0.7
	Full Time FTE	2.0	1.2	1.3	1.2	1.1	1.1	3.4	2.0	1.1	1.0
	Total FTE	2.5	1.4	1.4	1.3	2.3	2.3	7.0	3.0	2.1	1.8
Ski	Seasonal/Part Time Positions	282.0	285.7	281.5	273.5	254.0	254.0	247.0	193.0	216.0	225.0
	Season/Part Time FTE	73.4	57.7	54.4	50.6	46.7	46.0	49.6	33.6	41.8	39.3
	Full Time FTE	13.0	16.7	16.4	15.2	14.5	14.4	11.7	9.8	12.8	9.6
	Total FTE	86.4	74.4	70.8	65.8	61.2	60.4	61.3	43.4	54.6	48.9
Parks & Recreation	Seasonal/Part Time Positions	91.5	91.5	91.5	91.0	102.3	103.4	94.3	101.8	100.9	103.3
	Season/Part Time FTE	21.5	23.9	24.9	24.8	25.0	25.5	25.9	27.7	28.4	28.6
	Full Time FTE	13.1	11.0	10.1	10.1	10.1	9.8	9.0	11.8	11.8	12.3
	Total FTE	34.6	34.9	36.0	35.9	35.1	35.3	34.9	39.5	40.4	40.9
Marketing	Seasonal/Part Time Positions	1.0	1.0	2.0	2.0	2.0	2.0	0.0	2.0	2.0	2.0
	Season/Part Time FTE	0.3	0.1	0.3	0.3	0.3	0.3	0.0	0.7	0.7	0.7
	Full Time FTE	3.0	3.1	2.8	2.8	2.9	2.9	3.0	2.0	3.0	3.0
	Total FTE	3.3	3.2	3.1	3.1	3.2	3.2	3.0	2.7	3.7	3.7
Food & Beverage	Seasonal/Part Time Positions	After 2013 Included in Ski & Golf							57.0	59.0	53.0
	Season/Part Time FTE								14.4	14.3	18.1
	Full Time FTE								4.0	5.0	5.3
	Total FTE								18.4	19.3	23.4
Other Recreation	Seasonal/Part Time Positions	4.8	4.8	4.8	4.8	4.8	2.8	0.8	3.1	3.2	3.2
	Season/Part Time FTE	1.1	1.8	1.8	1.8	1.8	1.4	0.1	1.1	1.6	1.6
	Full Time FTE	1.4	1.4	1.4	0.9	1.0	1.6	1.6	1.8	2.4	1.4
	Total FTE	2.5	3.2	3.2	2.7	2.8	3.0	1.7	2.9	4.0	3.0
Total Community Service	Seasonal/Part Time Positions	502.6	514.3	502.0	497.5	467.9	469.0	456.1	462.4	456.1	459.5
	Season/Part Time FTE	137.4	126.2	121.6	117.7	109.6	111.1	114.5	115.3	116.4	116.1
	Full Time FTE	39.5	41.7	40.9	38.5	34.7	34.1	35.4	38.2	41.7	41.2
	Total FTE	176.9	167.9	162.5	156.2	144.3	145.2	149.9	153.5	158.1	157.2
Beach	Seasonal/Part Time Positions	93.0	109.5	97.4	99.0	96.9	94.0	89.0	88.1	90.6	86.6
	Season/Part Time FTE	20.7	21.2	18.7	18.4	18.0	17.3	14.3	13.2	12.4	11.2
	Full Time FTE	1.5	4.6	3.9	3.9	4.0	3.0	2.8	2.1	2.5	3.1
	Total FTE	22.2	25.8	22.6	22.3	22.0	20.3	17.1	15.3	14.9	14.3
Administration	Seasonal/Part Time Positions	4.0	4.0	4.0	0.0	1.0	1.0	2.0	2.0	3	4.0
	Season/Part Time FTE	0.8	1.1	1.5	0.0	0.5	0.4	0.4	0.3	0.9	1.2
	Full Time FTE	23.0	22.2	21.8	22.8	22.7	20.7	22.6	20.7	20.2	21.2
	Total FTE	23.8	23.3	23.3	22.8	23.2	21.1	23.0	21.0	21.1	22.4
Engineering	Seasonal/Part Time Positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Season/Part Time FTE	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
	Full Time FTE	4.8	4.8	3.8	3.8	3.8	2.8	2.8	2.8	2.8	2.8
	Total FTE	5.1	5.1	4.1	4.1	4.1	3.1	3.1	3.1	3.1	3.0
Fleet	Seasonal/Part Time Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Season/Part Time FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Full Time FTE	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
	Total FTE	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
Buildings	Seasonal/Part Time Positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Season/Part Time FTE	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	Full Time FTE	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
	Total FTE	6.5	6.5	5.5	5.5	5.5	5.5	4.5	4.5	4.5	4.5
Utilities	Seasonal/Part Time Positions	4.0	4.0	5.0	5.0	5.0	3.0	3.0	2.0	2.0	1.0
	Season/Part Time FTE	3.1	2.4	3.4	3.4	3.3	1.2	1.0	0.7	0.7	0.0
	Full Time FTE	31.1	32.2	31.2	31.2	31.2	31.2	31.2	30.2	31.2	31.3
	Total FTE	34.2	34.6	34.6	34.6	34.5	32.4	32.2	30.9	31.9	31.3
District Wide	Seasonal/Part Time Positions	605.6	633.8	610.4	603.5	572.8	569.0	552.1	556.5	553.7	561.1
	Season/Part Time FTE	162.8	151.7	146.0	140.3	132.2	130.8	131.0	130.3	131.2	129.2
	Full Time FTE	112.9	118.6	113.6	112.2	108.4	102.8	104.8	104.0	108.4	109.6
	Total FTE	275.7	270.3	259.6	252.5	240.6	233.6	235.8	234.3	239.6	238.8

Source: Incline Village General Improvement District Operating Budget for Authorized Positions.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

User Statistics, Last Ten Fiscal Years

Total number of users (unaudited)

Program	Unit Measured	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water	Locations	4,272	4,269	4,270	4,251	4,243	4,234	4,229	4,223	4,217	4,217
Sewer	Locations	4,182	4,180	4,178	4,160	4,152	4,144	4,139	4,124	4,121	4,118
Refuse	Locations	4,384	4,345	4,345	4,338	4,177	4,162	4,138	4,151	4,149	4,233
Championship Course	Rounds played	23,446	21,650	23,139	21,353	22,881	23,142	23,784	23,744	22,860	20,417
Mountain Course	Rounds played	15,912	16,062	17,111	15,209	15,687	14,983	14,570	13,129	13,556	13,386
Beach	Individual visits	191,073	192,321	189,291	186,146	171,772	172,628	173,963	165,089	165,387	155,671
Tennis	Individual visits	11,837	13,082	13,630	14,683	14,823	14,129	13,337	13,009	14,398	14,080
Skier	Individual visits	99,424	130,922	120,847	160,613	167,064	84,568	93,935	103,397	98,818	131,371
Recreation Center	Individual visits	94,499	129,831	123,561	121,598	115,662	126,799	130,887	125,294	124,356	119,459

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Budgeted Facility Fees per parcel, Last Ten Fiscal Years (unaudited)

Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Ski	\$ (41)	\$ 29	\$ (83)	\$ (36)	\$ 13	\$ (27)	\$ (20)	\$ (88)	\$ (35)	151
Tennis	24	20	20	18	16	9	21	6	18	15
Parks	124	118	117	117	97	108	86	102	200	120
Recreation Center	285	262	268	269	197	241	204	241	112	118
Championship Golf	119	98	97	83	126	81	75	87	47	30
Mountain Golf	84	63	62	54	69	31	29	40	20	22
Beaches	125	125	125	100	100	100	100	100	115	100
Youth	25	25	26	26	24	21	20	15	25	22
Seniors	21	21	20	20	19	12	19	16	20	23
Adult Programs	-	-	-	-	-	1	1	2	2	3
Catering	-	-	-	-	-	-	(13)	(8)	26	(2)
Facilities	64	57	56	57	47	46	52	35	33	48
Reserves for Recreation	-	-	-	-	-	-	49	75	40	-
Golf/Tennis/Ski Bonds	-	-	-	-	-	85	85	85	85	85
Ski Lodge Bond	-	-	110	110	110	110	110	110	110	110
Defensible Space	-	12	12	12	12	12	12	12	12	12
Coverage sales	-	-	-	-	-	-	-	-	-	(27)
Other/Unclassified	-	-	-	-	-	-	-	-	-	-
Total	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830
 Total Collected (in 1,000's)	 \$ 6,741	 \$ 6,758	 \$ 6,746	 \$ 6,747	 \$ 6,746	 \$ 6,746	 \$ 6,742	 \$ 6,737	 \$ 6,819	 \$ 6,850

Bracketed amounts represent a venue that does not collect, but rather puts back an amount per parcel into the total for other venues to use the proceeds for operations.

Coverage sales in 2011 relate to the specific application of proceeds designated to reduce capital costs in Community Service venues.

The Facility Fee can be a resource for operating expenses, debt service or capital purchases. It is set annually by the Board of Trustees.

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Water and Sewer Single Family Base Rates
Last Ten Fiscal Years (unaudited)**

Fiscal Year 6/30	Water Monthly Base Rate	Consumption Rate Per 1,000 gallons	Sewer Monthly Base Rate	Consumption Rate Per 1,000 gallons
2020	\$ 33.45	\$ 1.00	\$ 59.00	\$ 3.35
2019	32.09	0.93	54.96	3.20
2018	30.84	0.93	52.76	3.10
2017	29.82	0.95	51.45	3.00
2016	28.86	0.97	49.83	2.90
2015	28.10	1.35	47.95	2.79
2014	27.03	1.32	41.85	2.68
2013	27.62	1.28	39.31	2.60
2012	27.62	1.28	39.31	2.60
2011	27.89	1.24	37.52	2.50

The District charges are based on pay for what you use.
Rate changes are considered for implementation May each year.
In 2013 the changes were not effective until July 19, 2013.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Water Sold by Customer Type
Last Ten Fiscal Years (unaudited)
(in millions of gallons)**

Fiscal Year	Residential	Commercial	Total
2020	627	259	886
2019	606	259	865
2018	633	282	915
2017	604	256	860
2016	594	255	849
2015	634	258	892
2014	673	292	965
2013	701	300	1,001
2012	626	312	938
2011	620	239	859

Source: IVGID Utilities Billing Department

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

COMPLIANCE SECTION



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

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2021.

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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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*.

The District's Response to Findings

The District's response to the findings identified in our audit are 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.



Reno, Nevada
January 22, 2021



Auditor's Comments

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District (the District) as of and for the year ended June 30, 2020, 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 required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

The District recorded a prior period adjustment as described in Note 22 of the prior year financial statements to ensure compliance with NRS 354.6215. After the prior period adjustment, the District reported no instances of noncompliance with significant constraints on its financial administration during the year ended June 30, 2019.

Prior Year Recommendations

There were no findings for the year ended June 30, 2019.

Current Year Recommendations

The current year recommendations are reported in the Schedule of Findings and Responses.

Reno, Nevada
January 22, 2021

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

**2020-001: Internal Control over Financial Reporting
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This includes appropriate reconciliation and recording of all year-end account balances and timely and accurate preparation of the Comprehensive Annual Financial Report ("CAFR").

Condition: During our audit testing, we noted adjusting journal entries to correct balances related to cash and investments, accounts receivable, deferred revenue, capital grant revenue, capital assets and expense. In addition, we noted certain passed adjusting journal entries related to unearned revenue, compensated absences and capital assets that management determined were immaterial and were not recorded.

During our review of the CAFR, we noted several errors in the presentation and classification of items in the financial statements, including: gross presentation of the central services cost allocation plan rather than presenting the revenues net of the expenses in both the government-wide statement of activities and the governmental funds statement of revenues, expenses and changes in fund balance; gross presentation of internal service fund rather than presenting the activity in this fund net of the funds it provided services to in the government-wide statement of activities; and a prior period adjustment over unearned revenue related to golf passes.

Cause: The District did not have adequate internal controls to ensure all year-end account balances were appropriately reconciled and recorded and that the CAFR was timely and accurately prepared and reviewed.

Effect: Prior to adjustment, there were several accounts that were materially misstated and there were material errors in the presentation of the CAFR.

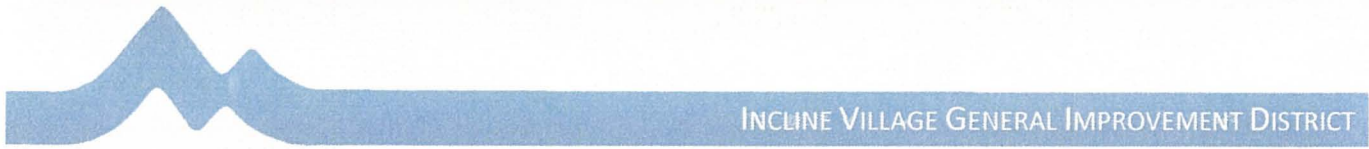
Recommendation: We recommend that the District enhance internal controls to ensure all year-end account balances are appropriately reconciled and recorded and that the CAFR is timely and accurately prepared.

Views of Responsible Officials:

Management acknowledges the finding(s) of the independent auditor and has already begun to implement measures to enhance internal controls aimed at ensuring year-end account balances are reconciled as well as timely preparation of the CAFR. Among the issues that created this condition was the attrition of key staff who had been responsible for overseeing the year-end close and preparation of the CAFR. In addition, with respect to the condition related to presentation of central services cost allocation and internal services fund in the government-wide statement of activities, these had been presented consistent with past CAFR's with no known concerns expressed by the independent auditor. Nonetheless, these have been corrected and will be reported as such on a going forward basis.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

2020-002:	Capitalization of Assets Material Weakness
Criteria:	Management is responsible for establishing appropriate policies and procedures and appropriate internal controls over capitalization of assets, including proper determination of items that should be expensed, such as costs for repairs and maintenance that do not extend the useful life or add value to the capital asset and formalized documentation of approval to place construction in progress items into service.
Condition:	During our audit testing, we noted prior year restatements of approximately \$804,000 and a current year adjustment of approximately \$361,000 for items that were capitalized in prior and current years that should have been expensed as they qualified as repairs and maintenance expense rather than to be capitalized.
Cause:	The District did not have appropriate policies and procedures over capitalization of assets in place to ensure items were being properly capitalized or expensed.
Effect:	Prior to adjustment and restatement, capital assets and net position in the governmental-type activities and business-type activities in the statement of net position were overstated.
Recommendation:	We recommend that the District strengthen their policies and procedures over capitalization of assets to provide clearer direction to District management regarding items that should be expensed versus capitalized. We further recommend that management enhance their internal controls over capital assets to ensure formal documentation is maintained and approved when placing construction in progress items into service.
Views of Responsible Officials:	Management concurs with the finding and recommendation(s) of the independent auditor. Concurrent with the subject annual independent audit, a third-party review of accounting and reporting issues similarly identified weaknesses in the District's capitalization policies and financial reporting. In addition, management highlighted this concern as part of a recent Board workshop. Management has identified this as a priority area and will pursue review and identification of best practices. In addition, the District's new Controller has direct experience in accounting and reporting of capital fixed assets according to generally accepted accounting principles. Staff training on fixed assets has been established as a priority.



**GENERAL IMPROVEMENT DISTRICT
ONE DISTRICT ~ ONE TEAM**

893 Southwood Blvd., Incline Village, NV 89451

(775) 832-1100

www.YourTahoePlace.com



January 22, 2021

To the Audit Committee
Incline Village General Improvement District
Incline Village, Nevada

We have audited the financial statements of Incline Village General Improvement District (the "District") as of and for the year ended June 30, 2020 and have issued our report thereon dated January 22, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter dated May 29, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a material weakness in internal controls during our audit in our 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* dated January 22, 2021.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Incline Village General Improvement District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. There are no sensitive estimates affecting the District’s financial statements.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit, other than the delay in issuance of the audit beyond the statutory deadline of November 30, 2020.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

Journal entry to adjust the Wells Fargo money market and investment income activity.

General Fund: Cash	18,139	
General Fund: Interest Receivable		6,829
General Fund: Investment Earnings		11,310

Utility Fund: Cash	18,753	
Utility Fund: Interest Receivable		8,818
Utility Fund: Investment Earnings		9,935
Community Service Special Revenue Fund: Cash	31,755	
Community Service Special Revenue Fund: Interest Receivable		31,636
Community Service Special Revenue Fund: Investment Earnings		119
Beach Special Revenue Fund: Cash	2,577	
Beach Special Revenue Fund: Interest receivable		867
Beach Special Revenue Fund: Investment Earnings		1,710
<i>Journal entry to correct accounts receivable and deferred revenue.</i>		
Customer Services Special Revenue Fund: Receivables	20,578	
Customer Services Special Revenue Fund: Unearned Revenue		20,578
<i>Journal entry to record Costco gift card breakage.</i>		
Community Services Special Revenue Fund: Unearned Revenue	139,622	
Community Services Special Revenue Fund: Revenue		139,622
<i>Journal entry to correct the beach deferred revenue.</i>		
Beach Special Revenue Fund: Unearned Revenue	130,676	
Beach Special Revenue Fund: Revenue		130,676
<i>Journal entry to adjust investments balances and investment income activity.</i>		
General Fund: Investment	87,000	
General Fund: Investment Earnings		87,000
Utility Fund: Investments	52,993	
Utility Fund: Investments Earnings		52,993
Community Services Special Revenue Fund: Investments	41,244	
Community Services Special Revenue Fund: Investments Earnings		41,244
Beach Special Revenue Fund: Investments	10,101	
Beach Special Revenue Fund: Investments Earnings		10,101
<i>Journal entry to reclassify capital grant from special revenue fund to capital projects fund.</i>		
Community Services Special Revenue Fund: Revenue	1,637,399	
Community Services Capital Projects Fund: Revenue		1,637,399
<i>Journal entry to expense CIP and capitalized costs.</i>		
Business-type activities: Operating expenses	124,699	
Business-type activities: Construction in process		13,640
Business-type activities: Capital assets		114,207
Business-type activities: Accumulated Depreciation	3,148	
Governmental-type activities: Operating expenses	236,472	
Governmental-type activities: Capital assets		239,860
Governmental-type activities: Accumulated Depreciation	3,388	
<i>Journal entry to reclassify items expensed from CIP in current year to prior periods.</i>		
Governmental-type activities: Net position	289,260	
Governmental-type activities: Operating expenses		289,260

Journal entry to adjust the current and prior period for discounts on golf passes that were recorded in contra revenue in the incorrect period.

Community Services Special Revenue Fund: Unearned Pass Revenue	172,171	
Community Services Special Revenue Fund: Revenue		33,666
Community Services Special Revenue Fund: Fund Balance		138,505

Journal entry to adjust the current and prior periods for capital assets that should have been expensed rather than capitalized.

Governmental-type activities: Capital assets	514,254	
Governmental-type activities: Accumulated depreciation	107,190	
Governmental-type activities: Net position	407,064	

The following summarizes uncorrected misstatements whose effect in the current year, as determined by management, is immaterial to the financial statements taken as a whole and each applicable opinion unit.

Community Services Special Revenue Fund: To pass on adjusting unearned revenue for buddy comp passes and discounted tickets issued prior to year-end.

Revenue	110,000	
Unearned Revenue		110,000

To pass on adjusting sick leave retirement not expected to be used with current resources.

Community Services Special Revenue Fund

Compensated absences	124,526	
Operating expenses		40,851
Fund balances		83,675

General Fund

Compensated absences	7,040	
Operating expenses		2,000
Fund balances		5,040

Beach Special Revenue Fund

Compensated absences	8,000	
Operating expenses		2,000
Fund balances		6,000

Governmental-type Activities: To pass on adjusting the prior year impact of writing off items in CIP to expense.

Fund balance	109,206	
Operating expenses		109,206

The effect of these uncorrected misstatements in the Community Services Special Revenue Fund is an overstatement of liabilities of \$14,526, overstatement of revenue of \$110,000, overstatement of expenses of \$40,851, and understatement of beginning fund balance of \$83,675. The effect of these uncorrected misstatements in the General Fund is an overstatement of liabilities of \$7,040, overstatement of expenses of \$2,000 and understatement of beginning fund balance of \$5,040. The effect of these uncorrected misstatements in the Beach Special Revenue Fund is an overstatement of

liabilities of \$8,000, overstatement of expenses of \$2,000 and understatement of beginning fund balance of \$6,000. The effect of these uncorrected misstatements in the Governmental-type activities is an overstatement of operating expenses of \$109,206 and an overstatement of beginning net position of \$109,206.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated January 22, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that the Audit Committee engaged Moss Adams LLP for two separate engagements. The first engagement was a contract program assessment focusing specifically on eight different contracts. Moss Adams provided recommendations to strengthen controls activities based on review of these contracts. Eide Bailly obtained the final report and evaluated the results with management in determining possible impacts on the financial statements. The second engagement was to provide guidance on four accounting issues: (1) use of governmental funds; (2) the central services cost allocation plan; (3) punch card accounting; and (4) capitalization policies and practices. Eide Bailly obtained the final report and evaluated the results with management in determining possible impacts on the financial statements.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Incline Village General Improvement District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement.

During Fiscal Year 2020, members of the community submitted correspondence to the Audit Committee of the District detailing where they believed there to be errors, improper accounting, or omissions in the audited CAFR for the year ended June 30, 2019. Management of the District made us aware of these comments and we reviewed management's responses to these comments noting that, while certain items were restated and clarified in the FY 2020 CAFR, management does not believe that any of the matters raised should result in reissuing the FY 2019 CAFR.

None of the matters discussed resulted in a condition to our retention as Incline Village General Improvement District's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

As discussed in Note 22 to the financial statements, certain errors occurred in items recorded as construction in progress and capital assets rather than being expensed during prior years were discovered by management during the current year. In addition, certain errors in the recording of unearned revenue for golf passes in prior years were noted during the current year. Accordingly, these errors were corrected in the current year and have resulted in a restatement of net position and fund balance as of July 1, 2019. Our opinions are not modified with respect to this matter.

This report is intended solely for the information and use of the Audit Committee, Board of Trustees, and management of Incline Village General Improvement District and is not intended to be and should not be used by anyone other than these specified parties.

Eddie Bailly LLP

Reno, Nevada

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winquest
District General Manager

FROM: Nathan Chorey, P.E.
Engineering Manager

SUBJECT: Review, discuss and possibly approve a Construction Manager-At-Risk Pre-Construction Services Contract for Effluent Export Pipeline - Project 2524SS1010 and Effluent Pond Lining Project 2599SS2010; Fund: Utilities; Division: Sewer; Vendor: Granite Construction; Amount: \$369,218.

DATE: January 20, 2021

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Authorize Construction Manager-At-Risk Pre-Construction Services Contract for Effluent Export Pipeline - Project 2524SS1010 and Pond Lining Project 2599SS2010; Fund: Utilities; Division: Sewer; Vendor: Granite Construction; Amount: \$369,218.
2. Authorize Staff to execute the contract documents.

II. DISTRICT STRATEGIC PLAN

Long Range Principle 5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation activities.

- The District will maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.
- The District will maintain, procure, and construct District assets to ensure safe and accessible operations for the public and the District’s workforce.

III. BACKGROUND

District Staff provided a detailed Effluent Export Project update to the Board of Trustees on January 29, 2020. The immediate priority identified replacing all of the remaining Segment 3 pipeline (12,385 linear feet) and to make immediate repairs to the Segment

2 pipeline (17,314 linear feet) to extend its life. Additionally, IVGID’s current operating permit with the Nevada Department of Environmental Protection (NDEP) no longer allows the District to utilize the primary effluent storage basin due to it being unlined. IVGID identified the need to line the pond to allow for its use to store effluent.

At the February 26, 2020 Board of Trustees Meeting, design services scopes of work were presented to the Board to begin replacement of Segment 3 and line the effluent storage pond, neither scope of work was approved. The Board placed this project on hold pending the hiring of a Project Manager/Construction Manager-At-Risk (CMAR) to conduct a complete project review of the Effluent Export Project.

IV. BID RESULTS

The District publicly advertised this project for proposals for CMAR services consistent with the requirements of NRS 338.169. A non-mandatory project site walk was held on October 28, 2020 and attended by five (5) prime contractors. Two (2) proposal packages were received and opened on November 19, 2020. The two (2) respondents were interviewed and evaluated (consistent with the requirements of NRS 338.169) by a five (5) member panel on December 18, 2020. The five-member panel included IVGID Trustee Dent, the District’s General Manager, the Engineering Manager, the Utilities Superintendent, and the Utilities Specialist. The interview panel members scored the two (2) respondents based on the stated selection criteria; the results are presented below:

Evaluation Criteria	Granite Construction	Q&D Construction	Maximum Score
Certificate of Eligibility	5	5	5
Staff/Team Qualifications	28	24	30
Project Experience	26.8	25.6	30
Project Management Approach and Approach to Quality Control	19.2	14.2	20
Proposed Compensation	10	15	15
Overall Evaluation Score	89	83.8	100

Granite Construction was selected as the most qualified CMAR applicant. Granite Construction has worked on the effluent export pipeline in the past, most recently in 2017 replacing a total of 1,300 LF of pipe at 13 separate locations.

IV. FINANCIAL IMPACT AND BUDGET

The 2020-2021 CIP budget includes the Effluent Pipeline Project CIP 2524SS1010. A budget of \$1,900,000 is allocated for project design and construction services, see attached Effluent Pipeline Project – Data Sheet.

In July 2020, the Effluent Pond Lining Project CIP 2524SS2010 was created. No funds are included in the CIP Budget for this project, see attached Effluent Pond Lining Project – Data Sheet.

The Construction Manager-At-Risk Pre-Construction Services Contract being considered is for \$369,218. The scope of work includes providing pre-construction services on both the Effluent Pipeline Project and the Effluent Pond Lining Project but it will be entirely funded from the Effluent Pipeline Project CIP 2524SS1010. Granite Construction's invoices will clearly show an hourly reconciliation of time spent and costs incurred on each task and project. Invoicing in this manner will allow cost occurred to be attributed to each respective project at a future date.

V. ALTERNATIVES

None proposed.

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachments:

- Effluent Pipeline Project – Data Sheet
- Effluent Pond Lining Project – Data Sheet
- Construction Manager-At-Risk Pre-Construction Agreement which includes:
 - Granite Construction Scope of Work
 - Schedule of Manhours



Project Summary

Project Number:	2524SS1010
Title:	Effluent Pipeline Project
Project Type:	B - Major Projects - Existing Facilities
Division:	24 - Transmission
Budget Year:	2021
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description				
The Effluent Pipeline Project will be a multi-year pipe replacement project. The immediate priority is to replace all of the remaining Segment 3 pipeline (12,385 linear feet) and to make immediate repairs to the Segment 2 pipeline (17,314 linear feet) to extend its life and avoid future leaks. The project timeline is to accomplish this over multiple construction seasons. TRPA and NDOT permits typically prohibit SR 28 traffic control delays from July 1 to September 5. This limits construction to May, June and Sept 6 to Oct 15. The replacement of Segment 3 would occur over two construction seasons. Replacing segment 2 would require 3 construction seasons. Repairs to segment 2 could be accomplished with a segment 3 construction phase.				
Project Internal Staff				
The engineering division will support this project. Outside consultants will be used for design and management. The project will be publicly advertised in accordance with NRS 338.				
Project Justification				
The District currently owns, operates and maintains a 21-mile pipeline that exports treated wastewater effluent out of the Lake Tahoe Basin. This pipeline was installed in 1970 as part of the regional effort to protect Lake Tahoe's water quality by requiring all wastewater effluent to be exported out of the basin. Within the Tahoe Basin, this pipe is divided into three segments. Segment 1 is the low-pressure supply pipe to the pump station near Sand Harbor. Segment 2 is the welded steel high-pressure discharge pipe exiting the pump station. Segment 3 is the remaining low pressure jointed steel transmission pipeline within the Tahoe Basin running south to Spooner Summit. Segment 4 is the pipe that carries the effluent down the east side of the Carson Range from Spooner Summit to Hwy 395. Segment 5 is the pipeline that extends from HWY 395 to the bank of the Carson River. Segment 6 is the pipeline from the Carson River that delivers the effluent to the IVGID Wetlands Disposal Facility and was installed in 1983. A condition assessment completed on Segments 2 and 3 confirmed pipe deficiencies.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2021				
Internal Services	100,000	0	100,000	
Project Design and Construction Costs	1,900,000	0	1,900,000	
Year Total	2,000,000	0	2,000,000	
2022				
Internal Services	100,000	0	100,000	
Project Design and Construction Costs	1,900,000	0	1,900,000	
Year Total	2,000,000	0	2,000,000	
2023				
Internal Services	100,000	0	100,000	
Project Design and Construction Costs	1,900,000	0	1,900,000	
Year Total	2,000,000	0	2,000,000	
2024				
Internal Services	100,000	0	100,000	
Project Design and Construction Costs	1,900,000	0	1,900,000	
Year Total	2,000,000	0	2,000,000	
2025				
Internal Services	100,000	0	100,000	
Project Design and Construction Costs	1,900,000	0	1,900,000	
Year Total	2,000,000	0	2,000,000	
	10,000,000	0	10,000,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner

2012	Jul 1, 2020	Jun 30, 2025	Engineering Manager	
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Project Summary

Project Number:	2599SS2010
Title:	Effluent Pond Lining Project
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2022
Finance Options:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description				
Line the 2.4 million gallon effluent storage pond at the Water Resource Recovery Facility (WRRF) with reinforced concrete or the combination of concrete and shotcrete lining as recommended in the WRRF Effluent Storage Alternative Analysis Memorandum, prepared by Jacobs Engineering, dated September 2018.				
Project Internal Staff				
The engineering division will support this project. Outside consultants will be used for design and management. The project will be publicly advertised in accordance with NRS 338.				
Project Justification				
The effluent pond is a 2.4 million gallon effluent storage basin located directly adjacent to the Water Resource Recovery Facility (WRRF). This storage basin was designed to provide automated and passive back-up effluent storage in the event the Plant's 500,000-gallon effluent storage tank fills to capacity. As a condition of IVGID's current operating permit with the Nevada Department of Environmental Protection (NDEP), IVGID is no longer permitted to utilize this storage basin for effluent storage due to it being unlined. Lining the pond will allow IVGID to return the pond into the operating plan with NDEP and provide greater protection to Lake Tahoe.				
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2020	Jul 1, 2020	Jun 30, 2023	Engineering Manager	



**INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT**

**2021 EFFLUENT EXPORT PIPELINE AND
POND LINING PROJECT**

**CMAR PRE-CONSTRUCTION SERVICES
CONTRACT DOCUMENTS**

GRANITE CONSTRUCTION COMPANY

OWNER - CMAR PRE-CONSTRUCTION SERVICES AGREEMENT

This AGREEMENT is made as of [DATE] by and between the **Incline Village General Improvement District** (hereinafter referred to as "Owner" or "IVGID"), and **Granite Construction Company**, the Construction Manager at Risk, hereinafter referred to as "CMAR":

ARTICLE 1 – CMAR PRE-CONSTRUCTION SERVICES OVERVIEW

In consideration of the mutual covenants and conditions provided herein, the Owner does hereby employ the CMAR to perform Pre-Construction Services as defined in Article 4 below, and the CMAR agrees to perform such services for the referenced project:

Project Identification

- Project Name: 2021 Effluent Export Pipeline and Pond Lining Project ("Project")
- CONTRACT NUMBER: 2524SS1010
- PWP NUMBER: WA-2021-036

ARTICLE 2 – CMAR PRE-CONSTRUCTION SERVICES FEE

For furnishing all labor, materials, equipment, tools and services, and for doing everything required for the Pre-Construction Services and otherwise by this Agreement including, but not limited to, providing the required Guaranteed Maximum Price Proposal, the Owner will pay and the CMAR shall receive as full compensation therefore, a total sum not to exceed, to be billed on a time and materials basis as set forth Article 6, of **Three Hundred Sixty-Nine Thousand, Two Hundred and Eighteen Dollars (\$369,218.00)**. In addition to such total not-to-exceed amount, the amount billed for each Task shall not exceed the amount identified in ATTACHMENT A, incorporated by this reference.

ARTICLE 3 – PERIODS OF SERVICE

Time is of the essence in the performance of this Agreement and the CMAR agrees to complete all Pre-Construction services and work within a time schedule to be established and agreed upon by the CMAR, design engineer and District at a future date.

ARTICLE 4 – PRE-CONSTRUCTION SCOPE OF WORK

CMAR shall provide the Pre-Construction Services which are described in ATTACHMENT A and identified by discrete tasks (each a "Task").

ARTICLE 5 – NEVADA LAW

The CMAR agrees to all terms and conditions of the Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC) as may apply to this Agreement and to the work performed under this Agreement and agrees to comply with all such applicable portions of the NRS and the NAC. Contractor specifically acknowledges that this contract is subject to the provisions of NRS 338.1685 through NRS 338.16995, as applicable.

ARTICLE 6 – PRE-CONSTRUCTION PAYMENT SCHEDULE

The Owner and the CMAR mutually agree that the fee described herein is for Pre-Construction Services only, and in no manner obligates the Owner to enter into a construction contract with the CMAR.

CMAR shall submit invoices no more than once a month, billing for time and materials based on the labor rates included in the Schedule of Manhours and Prices set forth in ATTACHMENT A. Invoices shall clearly show an hourly reconciliation of time spent and costs incurred on each Task, and include original Task amount, fees previously billed, and amount remaining. CMAR shall not request or receive payment for any postage, copying, travel or other direct or indirect costs except as expressly identified in ATTACHMENT A. Invoices shall be sent to invoices@ivgid.org with a copy to rlr@ivgid.org.

ARTICLE 7 – CONTRACT EXECUTION

Execution of this Agreement by each party shall constitute the representation by each party that CMAR has examined the contents of all the referenced documents listed above, that CMAR has read and understands the same, and specifically agrees to be bound thereby.

ARTICLE 8 – DISPUTE RESOLUTION

This Agreement shall be construed and interpreted according to the laws of the State of Nevada. Any action brought by either party arising out of or related to the Agreement shall be brought in a court located in Washoe County, Nevada.

This Agreement to engage in alternate dispute resolution (“ADR”) pursuant to NRS 338.150 and any other Agreement or consent to engage in ADR entered into in accordance herewith as provided in this Article 8 will be specifically enforceable under the prevailing Nevada law in the Second Judicial District Court of the State of Nevada in and for the County of Washoe. Any dispute arising under this contract will be sent to mediation. Any mediation shall occur in Incline Village, Washoe County, Nevada. The mediation shall be conducted through the American Arbitration Association (AAA) and be governed by the AAA’s Mediation Procedures.

The mediator is authorized to conduct separate or ex parte meetings and other communications with the parties and/or their representatives, before, during and after any scheduled mediation conference. Such communications may be conducted via telephone, in writing, via email, online, in person or otherwise.

Owner and CMAR are encouraged to exchange all documents pertinent to the relief requested. The mediator may request the exchange of memorandum on all pertinent issues. The mediator does not have the authority to impose a settlement on the parties but such mediator will attempt to help Owner and CMAR reach a satisfactory resolution of their dispute. Subject to the discretion of the mediator, the mediator may make oral or written recommendations for settlement to a party privately, or if the parties agree, to all parties jointly.

Owner and CMAR shall participate in the mediation process in good faith. The mediation process shall be concluded within sixty (60) days of a mediator being assigned.

In the event of a complete settlement of all or some issues in dispute is not achieved within the scheduled mediation session(s), the mediator may continue to communicate with the parties, for a period of time, in an ongoing effort to facilitate a complete settlement. Any settlement agreed upon during mediation shall become binding if within thirty (30) days after the date that any settlement agreement is signed, either the Owner or CMAR fails to object or withdraw from the agreement. If mediation shall be unsuccessful, either

Owner or CMAR may then initiate judicial proceedings by filing suit. Owner and CMAR will share the cost of mediation equally unless agreed otherwise.

ARTICLE 9 - INDEMNIFICATION

- A. Indemnification of Owner by CMAR: CMAR agrees to indemnify and hold Owner and each of its officers, employees, agents, and representatives harmless from any claims, damage, liability, or costs (including reasonable attorneys' fees and costs of defense) stemming from this project to the extent such claims, damage, liability, or costs are caused by CMAR's negligent acts, errors or omissions or by the negligent acts, errors, or omissions of CMARS, subcontractors, agents, or anyone acting on behalf of or at the direction of CMAR. However, in no event shall CMAR be required to indemnify Owner for claims, damages, loss or expenses arising out of the Owner's sole negligence.
- B. CMAR's obligation to hold harmless and indemnify Owner shall include reimbursement to Owner of the loss of personnel productivity, incurred as a result of that defense. Reimbursement for the time spent by Owner's personnel shall be charged to CMAR at the then-current rate charged for such services by the private sector.
- E. In addition, nothing herein shall prevent Owner or CMAR from relying upon any Nevada statute or case law that protects Owner or CMAR with respect to liability or damages. This Provision shall survive the termination, cancellation, or expiration of the Agreement.

ARTICLE 10 – OWNER'S REPRESENTATIVE / ENGINEER

Nathan Chorey, Engineering Manager, npc@ivgid.org, 775-832-1327, shall be the designated Owner's Representative during the Pre-Construction Services period.

ARTICLE 11 - INSURANCE

Prior to proceeding with the Pre-Construction Services, CMAR shall submit proof of general liability insurance in the amount of each Occurrence/Incident/Claim of one-million dollars (\$1,000,000) and in Aggregate of two-million dollars (\$2,000,000). The insurance shall cover the period of this Agreement.

Business Auto insurance is required for any work performed by CMAR on property owned by IVGID (including, but not limited to, meetings with Owner and job site visits). CMAR's insurance shall cover the CMAR for those sources of liability which would be covered by the latest occurrence form edition of the standard Business Auto Policy, including coverage for liability contractually assumed, as filed for use in the State of Nevada by the Insurance Services Office, without the attachment of restrictive endorsements. Coverage shall be provided for owned, non-owned and hired autos used in connection with this Agreement, with the minimum Combined Single Limit (CSL) of \$1,000,000. CMAR's policy shall be endorsed to include the following language: "The Incline Village General Improvement District shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Consultant, including autos owned, leased, hired, or borrowed by CMAR."

The certificates of general liability insurance must list the "Incline Village General Improvement District" as additional insured and include a waiver of subrogation against IVGID. The Parties acknowledge and agree that the fee paid to CMAR under this Agreement accounts for any costs CMAR may incur in naming Owner as an additional insured under such policy. The certificates shall include the Project/contract number and name, and shall be filed with Owner evidencing the required coverage. The certificates shall include a thirty (30) calendar day written notice to Owner in the event of cancellation or material alteration of the coverage.

The certificates shall also state that any coverage afforded the certificate holder shall apply as primary and not excess to any insurance issued in the name of the certificate holder. The certificates shall be filed with Owner within ten (10) calendar days after execution of the Agreement and prior to commencing any Pre-Construction Services.

CMAR shall provide its employees worker's compensation insurance as required by NRS Chapter 616A and 617. A certificate evidencing coverage shall be filed with Owner within (10) calendar days after execution of the Agreement and prior to commencing any pre-construction services.

Owner is not liable for the payment of any premiums, deductible or any assessments on any insurance policies purchased by CMAR.

The Owner, at its option, may purchase and maintain such insurance as will protect the Owner against claims that may arise from operations under the contract documents.

ARTICLE 12 – ASSIGNMENT OF CONTRACT

The CMAR shall not assign, transfer, or delegate any rights, obligations, monies or duties under this Agreement without the prior written consent of the Owner.

ARTICLE 13 – MODIFICATIONS TO CONTRACT / TERMINATION

This Agreement constitutes the entire agreement between the parties and may be modified only by a written amendment executed by the parties.

The Owner, specifically reserves the right at any time to terminate this Agreement without cause upon seven (7) calendar days' written notice of termination. Upon termination, for other than a breach of this Agreement by the CMAR, the Owner shall make payments to the CMAR as a ratable percentage of the amount of work effort that the CMAR has expended in Current Task (refer to Article 6) versus the total amount of work effort reasonably anticipated as required to obtain task completion for Current Task as of the time of the notice of termination. The making of such payments by the Owner shall constitute a complete release of all the responsibilities of the Owner under the terms of this Agreement. The CMAR waives any and all claims for overhead and profit on the services or work remaining at the time of termination. Otherwise, payment is due and payable at completion of Current Task per Article 6.

ARTICLE 14 – OWNERSHIP OF DOCUMENTS

Any sketches, reports, studies, photographs, negatives, or other documents prepared by the CMAR in the performance of his obligations under this Agreement shall be the exclusive property of the Owner and all such materials shall be remitted to the Owner by the CMAR upon completion, termination, or cancellation of this Agreement. The CMAR shall not use, willingly allow, or cause to have such materials used for any purpose other than the performance of the CMAR's obligations under this Agreement, without the prior written consent of the Owner. Such instruments and copies shall not be used on any other project, and, with the exception of those sets that have been signed in connection with the execution of the agreement, shall be returned to the Owner on request upon completion of the Project.

ARTICLE 15 – EQUAL EMPLOYMENT AND NON-DESCRIMINATION

In connection with the performance of work under this Agreement, the CMAR agrees not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex or age. Such agreement shall include, but not be limited to employment, upgrading, demotion or transfer,

recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CMAR further agrees to insert this provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials. Any violation of such provision by the CMAR shall constitute a material breach of this Agreement.

ARTICLE 16 – CMAR AS INDEPENDENT CONTRACTOR

The parties agree that the CMAR is an independent contractor and that this Agreement is entered into in accordance with Nevada Revised Statutes 284.173, which statute in pertinent part provides that the CMAR is not an IVGID employee and that the CMAR will not be entitled to any IVGID employee insurance or benefits.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby.

OWNER:
INCLINE VILLAGE G. I. D.
The undersigned has read, reviewed and approves this document:

CONTRACTOR:
GRANITE CONSTRUCTION COMPANY
Agreed to:

Joshua Nelson
District General Counsel

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

Date

Indra Winqest
IVGID General Manager

If CONTRACTOR is a Corporation, attach evidence of authority to sign.

Date

CONTRACTOR'S address for giving notice:

Agreed to:

GRANITE CONSTRUCTION COMPANY
1900 Glendale Avenue
Sparks, Nevada 89431
775-352-1902

Tim Callicrate, Chairman

Date

Sara Schmitz, Secretary

Date

OWNER'S address for giving notice:
INCLINE VILLAGE G. I. D.
893 Southwood Boulevard
Incline Village, Nevada 89451
775-832-1267- Engineering Div. Phone

ATTACHMENT A

IVGID EFFLUENT EXPORT PIPELINE & POND LINING PROJECT Scope of Work and Schedule of Manhours

BACKGROUND

As a result of ongoing leaks and previously completed condition analyses, Incline Village General Improvement District (IVGID, District, or Owner) proposes to repair or replace the existing effluent pipeline. The immediate priorities are (1) replace all of the remaining Segment 3 pipeline (12,385 linear feet) and (2) to make immediate repairs to the Segment 2 pipeline (17,314 linear feet). The project may include open cut replacement of the existing pipeline, trenchless technology, or a combination of pipeline rehabilitation techniques, based on need. In addition, IVGID's current operating permit with the Nevada Department of Environmental Protection (NDEP) no longer allows the District to utilize the primary effluent storage basin due to it being unlined. IVGID proposes to line the pond to allow for its use to store effluent, and make a number of operational improvements to facilitate draining and conveying the stored effluent.

Granite Construction, acting as the Construction Manager-at-Risk (CMAR), will perform comprehensive professional services throughout the duration of the design and permitting process of the project. At the end of the design process, CMAR will formalize a subcontractor bidding process, compliant with NRS 338, towards the development of a Guaranteed Maximum Price (GMP) proposal. The scope of these services include, but are not limited to:

TASKS:

- Task 1. Project Management (provided throughout project duration)
 - A. Participation in regularly scheduled Owner / Engineer / Contractor meetings.
 - B. Provide investigations and research toward risk identification and mitigation efforts.
 - C. Provide value engineering, cost reductions, and other value analysis as necessary / required.
 - D. Identify necessary pre-construction activities into design schedule, managed by Owner's Engineer.
 - E. Develop detailed construction schedule, approved by Owner, for bidding purposes.
 - i. Based on project specific and NRS requirements.
 - F. Permitting, permitting requirements and consultation
 - i. Nevada Department of Transportation
 - ii. Tahoe Regional Planning Agency
 - iii. Nevada Division of Environmental Protection
 - iv. Staging and lay down yard requirements

Task 2. Preliminary Evaluation and Memorandum

- A. Work collaboratively with IVGID to plan, attend, and actively participate in a Project Team kickoff workshop to be led by IVGID. This workshop may include discussion of the following activities:
 - i. Project expectations, goals, and objectives
 - ii. Roles and responsibilities
 - iii. Project status, permitting, funding, preliminary schedule, etc.
 - iv. Available Project Information review, relevant plans, documents, studies, videos, etc.
 - v. Required milestones and expectations
- B. Independent review and evaluation of existing background material provided by IVGID.
 - i. Identify areas where additional investigation may be necessary.
- C. Prepare Findings Memorandum to document findings and provide a recommendation on how to proceed. Findings Memorandum to include discussion on both aspects of the Project (effluent export pipeline and effluent pond lining).
- D. Attend IVGID Board of Trustees Meeting and be available for questions as necessary. IVGID to lead presentation and discuss.
- E. Participate in selection of Design Engineer(s)
 - i. Work with IVGID to develop selection criteria.
 - ii. Participate in interviews of up to three (3) engineering firms.

Task 3. 30% Design Phase

- A. Work collaboratively with IVGID and Engineer to plan, attend, and actively participate in a Design Kickoff workshop to be led by IVGID and Engineer. This meeting is to identify critical items that are required to allow the progress of design and permitting to occur on a fast track basis. This workshop may include discussion of the following activities:
 - i. Project expectations, goals, and objectives
 - ii. Roles and responsibilities
 - iii. Project status, permitting, funding, preliminary schedule, etc.
 - iv. Available Project Information review, relevant plans, documents, studies, videos, etc.
 - v. Alternative technologies and approaches
 - vi. Permitting requirements
 - vii. Required milestones and expectations
- B. Multiple budget verifications, schedule phasing analysis, constructability reviews, innovations, cost reductions, and risk mitigation throughout this phase.
- C. Preliminary cost estimates as needed to inform evaluation of pond lining alternatives.
- D. Preliminary cost estimates as needed to inform evaluation of cut and cover vs lining of existing pipeline.

- E. Develop preliminary schedule as needed to inform evaluation of pond lining alternatives.
- F. Develop preliminary schedule as needed to inform evaluation of cut and cover vs lining of existing pipeline.

Task 4. 60% Design Phase

- A. Initial Approach to Cost Meeting: Meeting with IVGID, third party cost estimator, and Engineer to set a baseline for production rate assumptions, and various other input standards for preparing and evaluating cost estimates and schedule impacts.
 - i. Open book cost estimating discussion
 - ii. Labor and equipment rate discussion
 - iii. Material and subcontractor estimates
 - iv. Material waste factors
 - v. Working hours and schedule assumptions
 - vi. Overhead and profit discussion
- B. Development of Subcontracting Plan: Develop subcontracting plan in accordance with NRS Chapter 338.
 - i. Identifying self-performed work and subcontracted work.
 - ii. Subcontractor prequalification and procurement process submittal.
 - iii. Subcontractor prequalification procurement schedule
 - iv. Subcontractor evaluation and selection process
 - v. DBE requirements and/or goals
- C. Opinion of Probable Construction Cost (OPCC):
 - i. Review and comment on 60% design documents
 - ii. 60% TC / Traffic Management Plan / Constructability Meeting
 - iii. Prepare 60% OPCC and revised schedule based on 60% Design documents.
 - iv. Attend meeting to review 60% OPCC and schedule.
 - v. Re-submit 60% OPCC reconciliation
 - vi. 60% Subcontractor Pre-Qualification Meeting #1
- D. Risk / Innovation Management Workshop:
 - i. 60% Plans - Identify Risks, cost impacts, probabilities, and schedule impacts.
 - ii. 60% Plans – Identify innovations and opportunities for cost and schedule savings.
 - iii. 60% Plans – Risks and Innovations - Assign tasks with follow ups.

Task 5. 90% Design

- A. Opinion of Probable Construction Cost (OPCC):
 - i. Review and comment on 90% design documents
 - ii. 90% TC / Traffic Management Plan / Constructability Meeting
 - iii. Prepare 90% OPCC and revised schedule based on 90% Design documents.

- iv. Attend meeting to review 90% OPCC and schedule.
 - v. Re-submit 90% OPCC reconciliation
 - vi. 90% Subcontractor Pre-Qualification Meeting #2
 - B. Risk / Innovation Management Workshop:
 - i. 90% Plans – Identify Risks, cost impacts, probabilities, and schedule impacts.
 - ii. 90% Plans – Identify innovations and opportunities for cost and schedule savings.
 - iii. 90% Plans – Risks and Innovations - Assign tasks with follow-ups.
- Task 6. Guaranteed Maximum Price (GMP) - Effluent Export Pipeline
- A. Prepare and submit 100% GMP for the Effluent Export Pipeline portion of the project.
 - i. Manage the subcontractor competitive bidding process through development of:
 - a. Request for Proposals
 - b. Bid Form
 - c. Trade Scopes of Work Narratives
 - d. Coordinate Site Walks, Pre-Bid Conferences, and Bid Openings
 - B. Detailed construction schedule
 - C. Attend IVGID Board of Trustees Meeting and be available for questions as necessary. IVGID to lead presentation and discuss.
- Task 7. Guaranteed Maximum Price (GMP) - Pond Lining:
- A. Prepare and submit 100% GMP for the Pond Lining portion of the project.
 - i. Manage the subcontractor competitive bidding process through development of:
 - a. Request for Proposals
 - b. Bid Form
 - c. Trade Scopes of Work Narratives
 - d. Coordinate Site Walks, Pre-Bid Conferences, and Bid Openings
 - B. Detailed construction schedule
 - C. Attend IVGID Board of Trustees Meeting and be available for questions as necessary. IVGID to lead presentation and discuss.

DELIVERABLES

- Task 2 - Findings Memorandum
- Task 4 – 60% OPPC and proposed construction schedule
- Task 5 – 90% OPPC and proposed construction schedule
- Task 6 – 100 % GMP Effluent Export Pipeline and construction schedule
- Task 7 – 100% GMP Pond Lining and construction schedule

Contract: IVGID 2021 Effluent Export Pipelin
 Consultant: Granite Construction
 Project Manager: John O'Day

1/20/2021

SCHEDULE OF MANHOURS AND PRICES
 CMAR Preconstruction Services

Fully Loaded Rate		\$158	\$169	\$129	\$184	\$160						
Tasks												
Name	John O'Day	Donavin Greenwell	Cody Cummings	Keith Oxner	Brian Considine							
Description	Project Manager	Superintendent	Scheduler	Tech Expert	Field Expert	Task Hours	Task Cost	Other Direct Costs	ODC Explanations	Comments		
Item No.	Task											
Task 1: Project Management												
General Project Management												
						0	\$0					
	Owner/Engineer/Cont Design Meetings	64	64	64		192	\$29,184					
	Risk Identification & Mitigation	16	16	16		48	\$7,296					
	Update/Manage Preconstruction Schedule & Permitting Requirements	36		36		72	\$10,332					
Task 2: Preliminary Evaluation & Memo												
	Attend Kickoff Meeting/Partnering	8	8	8	8	8	40	\$6,400	\$0			
	Review Background Material & Memo	8	8	8	8	8	40	\$6,400				
Task 3: 30% Design Phase												
	Prepare for Design Kickoff Workshop	8		8		16	\$2,296					
	Attend Design Kickoff Workshop	8	8	8		8	32	\$4,928				
	Prepare Prelim Cost Estimate - Liner	20	16	20		0	56	\$8,444				
	Prepare Prelim Cost Estimate - Pipeline	20	8	20		8	56	\$8,372				
	Prepare Prelim Schedule-Liner & Pipeline	8		8	0	8	24	\$3,576	\$3,000	2 EE's x \$1,500 EA	Travel	
Task 4: 60% Design Phase												
	Prepare for Approach to Cost Meeting	8		8		16	\$2,296					
	Attend Initial Approach to Cost Meeting	8		8		16	\$2,296					
	Follow Up Assignments	8		8		16	\$2,296					
	Design Development / Risk Mitigation Action Items	16		16	8	16	56	\$8,624	\$3,000	2 EE's x \$1,500 EA	Travel	
60% Develop Subcontracting Plan												
	Develop Subcontracting Plan			40		40	\$5,160					
	Review/follow up	2		2		4	\$574					
60% Design - OPCC #1												
	Review Schematic Design	40	16	40	24	40	160	\$25,000	\$3,000	2 EE's x \$1,500 EA	Travel	
	Prepare/submit OPCC #1	40	8	40		88	\$12,832					
	Attend Schematic Design and OPCC #1 Review Meeting	8	8	8	8	8	40	\$6,400	\$3,000	2 EE's x \$1,500 EA	Travel	
60% Risk/Innovation Workshop #1												
	Prepare for Risk/Innovation Workshop	8	8	8		8	32	\$4,928				
	Attend Risk/Innovation Workshop	8	8	8	8	8	40	\$6,400				
	Risk / Innovation Tasks	16	16	16	8	8	64	\$10,048				
	Review/follow up	2	2	2		6	\$912					
Task 5: 90% Design Phase												
	Review Design Development	40	16	40	16	24	136	\$20,968				
	Prepare/submit OPCC #2	40	8	40		88	\$12,832					
	TC / TMP / Constructability Meeting 1	8	8	8		8	32	\$4,928				
	Attend OPCC #2 Review Meeting	8	8	8	8	8	40	\$6,400				
	Subcontractor Prequalification	16		40		56	\$7,688					

SCHEDULE OF MANHOURS AND PRICES

CMAR Preconstruction Services

Fully Loaded Rate										
Tasks	\$158	\$169	\$129	\$184	\$160					
Name	John O'Day	Donavin Greenwell	Cody Cummings	Keith Oxner	Brian Considine					
Description	Project Manager	Superintendent	Scheduler	Tech Expert	Field Expert	Task Hours	Task Cost	Other Direct Costs	ODC Explanations	Comments
90% Risk/Innovation Workshop #2										
Prepare for Risk/Innovation Workshop	8	8	8			24	\$3,648			
Attend Risk/Innovation Workshop	8	8	8	8	8	40	\$6,400			
Risk / Innovation Tasks	16	16	16	8		56	\$8,768			
Review/follow up	2	2	2			6	\$912			
Task:6 100% Liner Review / GMP										
Final Review 100% Liner Design	20	8	20	4	12	64	\$9,748			
Qty Takeoff Verification 100% Liner Plans	20	4	20			44	\$6,416			
Final TC / TMP / Constructability Meeting 2	4	4	4		4	16	\$2,464			
Attend Final 100% Review Meeting	4	4	4	4	4	20	\$3,200			
Prepare Final Risk/Innovation Workshop	4	4	4			12	\$1,824			
Attend Final Risk/Innovation Workshop	4	4	4	4	4	20	\$3,200			
Final Risk / Innovation Tasks	8	8	8	4		28	\$4,384			
Final Review/follow up	1	1	1			3	\$456			
Final Sub Solicitation & Selection	8		20			28	\$3,844			
100% Pond Liner GMP Submittal										
Prepare/Submit 100% GMP Liner&Schedule	32	8	32		8	80	\$11,816			
Review 100% GMP Pond & Schedule	8	8	8		8	32	\$4,928			
Task:7 100% Pipeline Review										
Review Design Development	20	8	20	4	12	64	\$9,748			
Qty Takeoff Verification 100% Pipeline Plans	20	4	20			44	\$6,416			
Final TC / TMP / Constructability Meeting 2	4	4	4		4	16	\$2,464			
Attend Final 100% Review Meeting	4	4	4	4	4	20	\$3,200			
Prepare Final Risk/Innovation Workshop	4	4	4			12	\$1,824			
Attend Final Risk/Innovation Workshop	4	4	4	4	4	20	\$3,200			
Final Risk / Innovation Tasks	8	8	8	4		28	\$4,384			
Final Review/follow up	1	1	1			3	\$456			
Final Sub Solicitation & Selection	8		20			28	\$3,844			
100% Pipeline GMP Submittal										
Prepare/Submit 100%GMP Pipeline&Schedule	40	16	40	8	8	112	\$16,936			
Review 100% GMP Pipeline & Schedule	8	8	8		8	32	\$4,928			
Subtotal	740	382	828	152	256	2358	\$357,218		\$12,000	
Total Labor	740	382	828	152	256	2358	\$357,218			
Total Labor Cost	\$116,920	\$64,558	\$106,812	\$27,968	\$40,960		\$357,218			
Total ODC								\$12,000		
Total (Rounded)										\$369,218.00

MEMORANDUM

TO: Board of Trustees

FROM: Tim Callicrate
Board of Trustees Chairman

SUBJECT: Board of Trustees Handbook – Discussion Only – Next Steps

DATE: January 21, 2021

Attached is a copy of the current Board of Trustees handbook as posted to the District's website. I would like to have a discussion about the next steps of how this Board would like to proceed with this document. To start off the discussion, here are a few thoughts:

- A) Leave the document as is
- B) Hire an outside consultant to review this document and bring forth a revised handbook
- C) Select a Committee to work together to bring back a revised document to possibly include Trustees, Legal Counsel, and Human Resources Staff or a combination thereof

Reminder: These are just thoughts/ideas to jumpstart a robust discussion.

II. BACKGROUND

The Trustee Handbook was last on the agenda in September 2020. The bulk of the revisions to the Trustee Handbook was the removal of text describing activities related to the conduct of meetings. Other updates to the document include language recommendations from our legal counsel as well as further refinements to various roles on the Board of Trustees and clarifications in the area of District Operations. Trustee Schmitz has been the lead and the responsible Trustee on this effort to date with some input from fellow trustees.



Board of Trustees Member Handbook



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Legal Basis for General Improvement District

Nevada Revised Statutes (NRS) 318 governs general improvement districts. Under this statute, there is a specific section, section 318.080, which defines the responsibilities of the Board of Trustees.

Board of Trustees

Role of the Board

Goals, priorities and courses of action are determined independently for each general improvement district in response to the particular needs and concerns of their district. The Board of Trustees meeting agenda is set by the District General Manager and Chair of the Board of Trustees. Each member of the Board of Trustees is always welcome to submit items for discussion and should make such requests through the Chair. The Chair will consider the request and, if deemed appropriate for the agenda of an upcoming meeting, provide the item to the General Manager for inclusion. The Board of Trustees has a specific policy on the conduct of their meetings; Policy 3.1.0. It should be read by each member of the Board of Trustees and kept as an easy and quick reference.

Issues that the Incline Village General Improvement District Board of Trustees deals with, on a regular basis, are as follows:

Contract Awards	Ordinance Adoption	Policy and Procedure Adoption
Reports	Budget Approval	Partnership Agreements
Resolution Adoption	Strategic Planning	Union Contract Approval

The meetings of the Board of Trustees should be viewed as an open forum and an opportunity for the public to query Incline Village General Improvement District Staff or the Board of Trustees about the issues facing their community. The Board of Trustees has incorporated a Meet and Greet session into their last meeting of the month which is held for thirty (30) minutes prior to the beginning of the meeting. Members of the public are encouraged to attend this informal session and chat with the various members of the Board and Staff regarding their concerns, ideas, or comments.

The Board of Trustees has the statutory authority and responsibility to make the final decisions on District matters. The Incline Village General Improvement District Staff has the responsibility to provide expert opinion and advice to the Board of Trustees to assist them in making decisions and also has the responsibility to implement and carry out the items passed by the Board of Trustees.

One very important role for the Board of Trustees is to provide a forum where citizens from the community can express their views, issues and concerns. It is these views, issues and concerns that give invaluable information to the Incline Village General Improvement District. As such, the Board of Trustees should focus its effort on providing the best atmosphere in its meetings to draw this needed information from local citizens. Additionally, the Board of Trustees should ensure that the information discussed during the meetings is accurate and given to the appropriate Incline Village General Improvement District staff member in a timely manner.



Powers of the Board

The powers of the Board of Trustees are listed in NRS 318.

Organization of the Board

The Board of Trustees is decided by the constituents in the voting districts of Incline Village and Crystal Bay. Elections of each Trustee are to a four-year term with elections occurring in even calendar years. The Board of Trustees, at either its last meeting in the current calendar year or the first meeting in the new calendar year, determines a Chair, Vice Chair, Treasurer, and Secretary for the calendar year. These positions are held for one calendar year. Should a vacancy occur, the Board of Trustees shall follow NRS 318.090, paragraph 5, to fill the vacancy. The most current roster for the current Board of Trustees is located on the District's website ivgid.org.

The following summarized roles reflect both the socially expected behavior and the function of the Board of Trustees members. All members of the Board of Trustees are expected to follow the roles of the Board of Trustees members (Role of All Trustees shown below) in addition to the special roles as designated by their elected position.

Role of All Trustees

- Identify issues and concerns in the community through the Board meetings.
- Review minutes, financial reports, memos and other documentation regarding the issues on which the Board is researching.
- Study and give counsel on the identified public issues.
- Represent the views of the constituents by communicating the range of options regarding the issues of concern.
- Regularly attend meetings and notify Board Chair, Board members and District Staff, well in advance, of forecasted absences from Board meetings whenever possible.
- Maintain good communications with the District General Manager and Staff.
- Prepare and file the required annual financial disclosure report.
- Respectfully execute the duties as a Trustee using ordinary diligence and not taking unfair advantage of the position as a Trustee.
- Respectfully recognize that along with the tremendous responsibility, goes a lot of power.

Detailed Role of the Chair

- Serve as spokesperson for the Board of Trustees and District.
- Facilitate meetings to be productive by engaging Trustees to openly discuss issues, share in equal participation, and ensure all Trustees have a chance to express their thoughts and opinions on an issue.
- Foster a public forum that allows for a diversity of opinions to be expressed.
- Execute District commitments as deemed necessary.
- Respectfully execute the duties as Board of Trustees Chair by not taking unfair advantage of the position as Chair.



Detailed Role of the Vice Chair

- During the absence of the Chair, serve as spokesperson for the Board of Trustees and District.
- During the absence of the Chair, facilitate meetings as described above.
- Assist the Chair in facilitation of the meetings on an as needed basis.
- Respectfully execute the duties as Board of Trustees Vice Chair by not taking unfair advantage of the position as Vice Chair.

Detailed Role of the Secretary

- Execute District commitments as deemed necessary.
- Respectfully execute the duties as Board of Trustees Secretary by not taking unfair advantage of the position as Secretary.

Detailed Role of the Treasurer

- Working with the Director of Finance to review and support the financial responsibilities of the District.
- Participate and support the District's Finance and Accounting team with respect to various committees, i.e. Audit Committee.
- Respectfully execute the duties as Board of Trustees Treasurer by not taking unfair advantage of the position as Treasurer.

Appointments to Other Organizations

Nevada League of Cities

Currently, the Board of Trustees has one appointed member to the Nevada League of Cities; please visit their website for more information on this organization.

Washoe County Debt Management Commission

Currently, there is one elected General Improvement District representative to the Washoe County Debt Management Commission; please visit their website for more information on this organization.

Other Committees or Commissions

As deemed necessary and appropriate, the Board of Trustees may from time to time make appointments and/or ask a member of the Board of Trustees to serve on requested committees and commissions.

Responsibilities of Trustees

The Board of Trustees has the statutory authority and responsibility to make the final decisions on District matters. The Incline Village General Improvement District Staff has the responsibility to provide expert opinion and advice to the Board of Trustees to assist them in making decisions and has the responsibility to implement and carry out the items passed by the Board of Trustees.



One very important role for the Board of Trustees is to provide a forum where citizens from the community can express their views, issues and concerns. It is these views, issues and concerns that give invaluable information to the Incline Village General Improvement District. As such, the Board of Trustees should focus its effort on providing the best atmosphere in its meetings to draw this needed information from local citizens. Additionally, the Board of Trustees should ensure that the information discussed during the meetings is accurate and given to the appropriate Incline Village General Improvement District staff member in a timely manner.

Compensation

In accordance with NRS 318.085, subparagraph 5, each Trustee shall receive compensation, if the budget is adequate and a majority of the members of the Board of Trustees vote in favor of such compensation. This compensation is paid on the same schedule as District staff which is every other week of each calendar month. The compensation for the Trustees is limited by Nevada Revised Statute. On April 12, 2006, the Board of Trustees voted unanimously to increase the yearly compensation to \$9,000 per year effective January 1, 2007 as provided by NRS 318 and adopted by the State of Nevada Legislature in its 2005 session.

Benefits

Each Trustee will be issued, by the District's Recreation Center staff, a Recreation Photo Identification Card identifying the Trustee as a Category 1 employee. This benefit is for the Trustee only and not applicable to your spouse or dependents. Following is a list of the various discounts, available to the Trustees, for our venues:

- Board of Trustees will have their own category. They will no longer part of Category 1 Recreational Privileges.
- Will be able to visit each venue one time per week without charge.
- No employee discount dependent privileges.
- Food and beverage discount same as resident – 10% discount.
- Merchandise discount same as resident – 20% discount.
- Trustees can expense a business lunch following the District expense procedures when conducting District business.

Liability

With respect to the potential liability of individual Trustees, Incline Village General Improvement District treats each Trustee just as it would one of its employees. As long as Trustee activities fall within the course and scope of the duties as a Trustee, Incline Village General Improvement District will defend and indemnify pursuant to requirements of Section 41 of the Nevada Revised Statutes. On June 13, 1968, the Board of Trustees adopted Policy and Procedure Number 098, Resolution Number 495, which supports this position.

- ◆ Incline Village General Improvement District considers Trustees' actions within the course and scope of the public duty assumed as a Trustee to be equivalent of that of an employee. If a civil action is brought against you alleging an act or omission related to such service, it is the position of Incline Village General Improvement District, pursuant to NRS Section 41.0339, you may request a defense and Incline Village General Improvement District shall provide a defense and, if appropriate, indemnification.
- ◆ NRS Section 41.0339 requires that you, within 15 days after service of a summons and complaint, request in writing a defense by the official attorney. For Incline Village



General Improvement District, the official attorney is the District General Counsel. The District General Counsel contact information is available from the District Clerk or the General Manager.

- ◆ If per chance you are injured while within the course and scope of the public duty you have assumed, you will be treated as an employee and covered by the Incline Village General Improvement District workers' compensation system. In order to access the workers' compensation system, you would need to contact the Incline Village General Improvement District Risk Manager, advise of the injury, and follow the procedures adopted by the Incline Village General Improvement District for its employees. You can obtain a copy of those procedures from the Incline Village General Improvement District Risk Manager.
- ◆ If you are involved in an accident or an incident, while within the course and scope of your duties as a Trustee, which results in property damage or injury to any person, you must contact the Incline Village General Improvement District Risk Manager within three working days.

Tools Provided

The Incline Village General Improvement District issues to each Trustee, for their use in doing District business (which excludes personal use), business cards.

Budget and Finance

The Incline Village General Improvement District Board of Trustees is a cost center and has a separate budget for its expenses. The Board Chair is responsible for the administration of this budget supported by the District Clerk and other members of the District team.

Travel on District Business and other purchases

When a Trustee wishes to make a purchase, go to a conference, or expend funds in any manner which will require reimbursement, the Trustee must have the expenditure approved, prior to it being made, by the Board Chair. If the Board Chair is unavailable, then the Board Vice Chair shall assume the responsibility. The Trustee making the expenditure shall be bound by the District policy and procedures and will be required to complete all the necessary form(s) for reimbursement. The District Clerk is available to the Board of Trustees at all times to assist them in this process, therefore the necessary forms are not included in this handbook. Following is a short list of items for which the Trustee might request reimbursement:

- ◆ Travel to conferences, seminars
- ◆ Reimbursement for business dinners
- ◆ Wireless Internet connection equipment within their residences
- ◆ Operating supplies
- ◆ Employee recognition
- ◆ Personal car mileage when on District business

Upon completion of travel, the Trustee will be expected to complete an expense report that will be submitted to the Board of Trustees Treasurer for review and approval. Following this review and approval, the Board of Trustees Treasurer will give the expense report to the District Clerk who will submit it to the District's Accounting Department for reimbursement processing. The Trustee submitting the expense report will be promptly notified when his/her reimbursement is



ready for their pickup. Should the Board Treasurer be the one making the trip, then the Board Chair will authorize the travel request and subsequent expense report.

Relationship to General Manager

The General Manager is the primary contact for policy and procedure and is the only direct employee, by contract (available upon request to the District Clerk), of the Board of Trustees.

Relationship to District Staff

All Staff members of the Incline Village General Improvement District are available to any Trustee to discuss areas in the sphere of influence.

The General Manager is the Board's representative to Staff. When a Trustee has a question on a matter coming before them, the Trustee may communicate directly with the Staff member who is presenting the matter to the Board to get clarification. The Board of Trustees is not permitted to micromanage Staff and Staff issues that arise must be directed to the General Manager.

Staff Support

The Incline Village General Improvement District provides the primary administrative assistance to the Board of Trustees. An individual is designated as the District Clerk and is available to any member of the Board of Trustees to assist them with travel arrangements, find documents, do research, etc. All Staff members of the Incline Village General Improvement District are available to any Trustee to discuss areas in the sphere of influence. The General Manager is the primary contact for policy and procedure and is the only direct employee, by contract of the Board of Trustees. Job descriptions for both the General Manager and the District Clerk are available upon request.

Field Trips Outside of the District Venues and Group Participation

Field trips outside of the District venues for the entire Board of Trustees need to be well organized and adequately posted so as to comply with the Nevada Open Meeting Law requirements. Field trips can be at the suggestion of the Board of Trustees, members of the Staff and/or members of the public. The District Staff will take on the responsibility for organizing the field, and when applicable and deemed reasonable, providing transportation to and from the field trip site. District Staff may or may not accompany Board of Trustees on the field trip.

Meeting Requirements

Nevada Open Meeting Law

State law requires that meetings of public bodies must be open and public. Boards of Trustees fall within the definition of public bodies. The Nevada Open Meeting Law Manual is available online and via request of the District Clerk.

Posting of Agendas and/or Notices

The written agenda of a Board of Trustees meeting must be posted at the place of the meeting and at a minimum of three other separate, prominent (i.e. open to public view) places within the jurisdiction of the Board of Trustees. The agenda must be posted no later than 9:00 a.m. three



working days before the meeting. For example, if the Board of Trustees meets on a Wednesday, the agenda must be posted no later than 9:00 a.m. on the Friday preceding the meeting. Saturdays, Sundays and holidays may not be counted in calculating three working days. The District Clerk takes care of this agenda posting and all locations, where the agenda are posted, are listed on the bottom of each agenda. On notices, the locations may or may not be noted however it is assumed they will be posted in the same locations as an agenda.

Certification of Posting

The Incline Village General Improvement District Staff will certify that the Board of Trustees agendas were correctly posted according to the Nevada Open Meeting Law prior to the Board of Trustees meeting. This certification is included on each agenda and/or notice.

Meeting Minutes

The Nevada Open Meeting Law also requires that a public body keep written minutes of meetings. These minutes must include:

- The date, time and place of the meeting.
- Those members who are in attendance and those who are absent.
- The substance of all matters proposed, discussed or decided. In addition, at the request of any member, the minutes must reflect each member's issues and concerns on any matter. If a vote is taken, the minutes must reflect each member's vote on any matter.
- The substance of remarks made by members of the general public who address the body if so requested by that person.
- Any other information which any member of the body requests be included in the minutes.

Citizens may request to receive copies of the Board of Trustees minutes (and agendas) through the District Clerk. Such a request should be made in writing (or through e-mail) to the District Clerk. Citizens can request to receive mailing of Board of Trustees agenda packets by e-mail and/or U.S. Postal Service and the agendas by e-mail and/or U.S. Postal Service. Distribution of these items to those requesting and the Board of Trustees is in accordance with the Open Meeting Law.

The law provides that the minutes are public records and have permanent value. The minutes must be retained by the public body for five years, and then may be transferred for archival preservation. The Incline Village General Improvement District is the public body designated to retain these records. ***The minutes must be available for public inspection within 30 working days after adjournment of the meeting.*** Meetings may be recorded on audio/video tapes in addition to the written minutes. If so, the entire meeting must be recorded. The recording of the meeting must also be made available for the public inspection. The audio tape must also be retained by the public body for two years.



Meeting Protocol

Attendance

A majority for the IVGID Board of Trustees is three (3) members out of the five (5) member Board. When an item is brought before the Board, and there are three (3) members present, the item must be unanimously approved by the three (3) members present otherwise the item fails. It is each Board member's responsibility to notify the District Clerk and/or General Manager of his/her absence, from a Board meeting, in a sufficient amount of time (one month's notice is preferred) to allow for the proper planning of agenda items.

Schedule

The Board of Trustees meeting schedule is set via policy. Currently, the Board of Trustees meets on the second and last Wednesday of each month however that schedule may change from time to time. Typically, the meetings for the months of November and December are reduced to one meeting per month so as to allow the Board of Trustees and District staff to spend time with their families over the holidays.

The meetings take place at the Chateau located at 955 Fairview Boulevard in Incline Village. This building can be set up to accommodate approximately 250 members of the public and has built in audio recording equipment to facilitate our compliance with NRS statutes for audio recordings. The District also uses Livestream to broadcast its meetings however it is a complimentary item versus an NRS/Open Meeting Law requirement.

Agendizing and Removal from Agenda

Board members may request, to the Board Chair, that an item be added to the agenda. If the requested item is not to be included, an explanation should be provided to the Trustee and some type of accommodation is made. This request must be made in sufficient time to allow the item to be properly described on the agenda. All backup materials required to allow sufficient discussion of the Board item must be provided to the District Clerk in sufficient time to allow it to be included in the Board packet for both the Board's review and the general public. As an example, when the Board meeting is on the last Wednesday of the month, that meeting agenda will be posted on the Friday prior to the meeting. The District Staff and Board of Trustees reviews, as an agendized item, the Long Range Calendar which includes all the dates of when materials are required.

A Board member, at the time of the approval of the agenda during the Board meeting, may request that an item be moved from the Consent Calendar to General Business to allow for more detailed discussion, may ask that an item located on the agenda be deferred to a later time, and may ask that the position of an agenda item(s) be relocated. It is suggested that Board Members discuss their wishes prior to the Board meeting with the Board Chair so that the Board Chair is not surprised by their requests and understands the reasons behind such requests.

District Staff, at the time of the approval of the agenda during the Board meeting, is represented by the District's General Manager and as such the District General Manager will make the request to move, delay or defer any agenda items. Generally speaking, the District General Manager will only take such action when new information has been received at the last moment or the situation has changed such that the recommendation needs to be reconsidered.



Staff Role at Meetings

Senior Staff and Directors typically attend all Board of Trustees public meetings. Their presence is in support of the Board of Trustees, their agenda items and to respond to questions directed to them, at the discretion of the Board of Trustees, by the general public. These employees are exempt employees and thus no overtime costs are incurred for these individuals to be present at these meetings.

Agenda Notebooks

It is District Staff's responsibility to provide the Board of Trustees with a detailed packet for information supporting those items on the agenda. Each Trustee will be provided, typically no later than the Friday preceding the Wednesday meeting, a notebook of information supporting each agenda item as applicable. This information may also be supplied, upon request by individual Trustee, electronically i.e. in PDF format. On that same Friday, the requesting members of the public shall be mailed their packet. This process can be delayed to the Monday preceding the Wednesday meeting in event of an emergency (i.e. weather, machine failure, etc.). It is each Trustee's responsibility to ensure that they have read the materials prepared for them so that they come to each meeting prepared to discuss the items on the agenda. If they have any question or concern about the materials provided on an agenda item, they are encouraged to ask questions of the District Staff, starting with the General Manager, **prior** to the meeting. The thorough understanding of each matter on the agenda allows the Board of Trustees meeting to proceed in a timely and orderly manner.

Typically, the agenda will include various reports made by Staff or a Trustee which are relevant to those members in attendance and/or the general public, Consent Calendar items which are items that the District Staff deems as being typical, routine and non-controversial, and General Business items which are items that the Staff would like to have dialogue with the Board of Trustees or get feedback from a multitude of sources. Occasionally, a public hearing is incorporated into an agenda for the purpose of providing a time certain period of public comment on a particular topic or topics. When a public hearing is held, there are additional requirements which District Staff will fulfill.

The Board of Trustees meeting agenda is provided to the local newspaper at its request. Typically before each meeting, the District's Communication Coordinator issues a brief overview of the meeting via press release or other format.

Techniques and Tips

Agenda Tips

- The agenda should be concise, but inclusive enough to clearly identify the agenda items and allow discussion of that item.
- Posting of the agendas should be in substantial compliance with the Open Meeting Law.
- Mailing of the agendas should also be in substantial compliance with the Open Meeting Law. If the agendas are mailed within the required time frame, the intent of the law has been met. Incline Village General Improvement District is not responsible for mail delivery.
- Notes on contents of the agenda:



- *Correspondence.* Correspondence is included in the Board packet if it is received in time for its inclusion. Correspondence received after production of the Board packet is verbally noted as received and then included in the following Board packet.
- *Public Comments.* The Board of Trustees has adopted an advisory statement which is included on each agenda.

Minutes Tips

- The minutes should reflect what happened at the meeting.
- The minutes belong to the Board of Trustees and are not open to comment from the audience under the section of the agenda to approve the minutes. Comments to the minutes can be made under "Public Comments".
- The minutes should be approved in total, not as a portion. If a portion of the minutes are questioned, the entire set of minutes should not be approved until the questionable section is clarified.
- Corrections to the minutes of the past meeting are made at the current meeting; the corrections will be reflected in the current meeting's set of minutes and approved at the following meeting.
- The official (approved) minutes are on file in the Incline Village General Improvement District office and are available for public review.
- Correspondence received can be noted in the minutes, but need not be included in the contents of the minutes.
- Information commenting on an item on the agenda of a past meeting *cannot* be submitted for inclusion in the minutes after the minutes of that meeting have been approved.

Meeting Tips

Since the official business of the Board of Trustees can be conducted only at a meeting, it is important to make sure that the Board of Trustees meeting is structured to encourage public participation. If the Board of Trustees meeting is long, complicated and focused only on Board of Trustees members, then the meetings will eventually lose public participation. The following are some guidelines to follow to help ensure smooth meetings:

- Start on time.
- End at a reasonable hour.
- Follow the agenda (It is a violation of the Open Meeting Law to discuss items not appearing on the agenda.)
- Encourage the public to participate.
- Wait for recognition from the Chair before speaking.
- Ensure no one person dominates the discussion.
- Actively listen.
- Do your homework (prepare) before the meeting.
- Don't hold unnecessary meetings.
- Do not take or make matters or comments on a personal level.

Ways to Stimulate Community Participation

- Send random letters inviting community members to meetings.
- Hold regular meetings.
- Make agendas easily available.
- Invite residents to get together before community issues are considered.

- Send thank you notes to people who provide input and suggestions.
- Request community groups to designate a representative to attend meetings.
- Make meetings comfortable rather than intimidating (i.e. less formal).
- Make meetings interesting and don't drift or bog down (i.e. keep meetings short and to the point).

Meeting Room Environment

In addition to these guidelines, the meeting room environment is also crucial to a smooth meeting. Here are some items to check:

1. Room size is adequate for anticipated crowd.
2. Temperature set at comfortable level.
3. Enough seats and agendas available.
4. Adequate lighting and sound system.

Advocacy Roles

Incline Village General Improvement District Board of Trustees meetings should provide a forum that encourages candid and frank sharing of citizen concerns and issues. It is especially important that Board of Trustees meetings be conducted to allow a "neutral playing field" so all present feel comfortable sharing all sides of any issue. Board of Trustees members, in conducting a meeting, must be careful to avoid giving any perception that the meeting or sharing will be slanted or limited to the detriment of full and open sharing.

Any Trustee who is personally or financially affected by a particular issue or project being discussed should:

1. Disclose, as part of the record, his/her involvement with the issue or project and, if applicable, any financial relationship or involvement relating to or resulting from the project or issue to determine participation or withdrawal; or
2. If chairing the meeting, temporarily release Chair to the Vice Chair.
3. If it is determined that there is no conflict, since participation of an elected official is favored, then the member shall participate in all matters of the issue.
4. Should a Board of Trustee member wish more information, the District General Counsel can make available relevant conflict material(s).

A Board of Trustees member may also choose, under the above circumstances, to recuse him/herself from the Board and participate from the audience as a private citizen on the particular project or issue.

No Trustee may represent the Board of Trustees in other proceedings, orally or in writing, as advocating a particular position unless the specific topic under consideration was discussed and/or voted upon by the Board of Trustees. In making any representation, the Trustees must be careful to report on the issues and concerns - both pro and con - as presented to the Board of Trustees, in addition to any vote result.

Representation and Communication

Two equally important responsibilities of a Trustee are representation and communication.

As a Trustee, you can make unique and special contributions through the Board of Trustees participation because often times your personal well-being is deeply intertwined with that of your community. It is up to you to understand and fairly represent the views of your Incline Village and Crystal Bay constituents. You should be active in the community, have good rapport with and support from your constituents, and "keep your ear to the ground". You should be aware of the total range of viewpoints and use good judgment in providing issues and areas of concern to Incline Village General Improvement District. This is a big responsibility and can take considerable time and effort.

An equally important responsibility is developing and maintaining good communication with the Incline Village General Improvement District General Manager and Staff - particularly with the General Manager. With good communication, you will play an important part in making the District responsive to the needs of Incline Village and Crystal Bay.

Issue Management

Issue management is a tool to help you identify issues of concern that affect you and your constituents. Once you have identified these issues, then you can let the appropriate people know about the issues in a timely fashion. This ensures that you and your constituent's concerns become part of the policy-making process of the District. Developing issue management skills is an important aspect of the Board of Trustees membership. It allows you to use informally gathered information to better advise and relay concerns to the District Staff. This information allows for the Trustees to anticipate issues before they become disruptive and to become part of the process to resolve those issues. Protection of community interests, increased productivity, fewer delays and reduced costs are all benefits of early issue detection and resolution by the Trustees.

Five steps to help you manage and resolve issues are:

1. Identify issues:
Talk with your constituents about their problems or needs. Use your knowledge of the community to understand how this problem or need affects the community. Share this information with the Board membership so that later all of you will be able to gauge if proposed solutions will solve the problem or satisfy the need.
2. Communicate:
Find other people affected by this problem or need in order to hear their views. Seek out the places where people in the community meet to share ideas or to pursue common interests (e.g. the local market, the day care center, the Recreation Center, etc.) Make sure you have a good understanding of the problem or need.
3. Separate themes and ground issues:
Try to find the real issue(s) behind the problem or need. In issue management, this is known as separating issues from themes. Frequently, people complain about a problem (e.g. government is not listening to me) which hides their real need or issue (e.g. why has my road not been graded in two years?). Once you have identified the real issue, check with other people who share this problem/need to make sure you have put your thumb on the real issue (this is known as grounding the issue).



4. Develop options:
Work with the appropriate people from the community and District staff to develop different ways to resolve the issue(s). After you develop these options, make sure you once again check with the people who have the problem/need to ensure that the proposed solution will indeed satisfy their problem/need.
5. Implement and evaluate:
Work with your community and District Staff to implement the preferred option. Make sure you and the community is part of the process to resolve the issue. Afterwards, take the time to identify things that went well and those that need work to better prepare yourself for the next time.

Issues that are non-operational in nature that could affect the District will be given to the Chair who will address and disseminate to all members of the Board of Trustees and the District General Counsel. An example would be a complaint against a Trustee or a complaint regarding a District policy. If the issue involves the Chair, the Vice Chair and the District General Counsel will be informed.

District Operations

Management Overview

The Incline Village General Improvement District is managed by the General Manager who is hired and is the only contract employee of the Board of Trustees. The employment contract of the General Manager is available upon request to the District Clerk. Each year, the General Manager is given a performance evaluation by the Board of Trustees. Effective October, 2005, this performance evaluation is conducted in open, public session.

The General Manager is responsible for the District staff which consists of approximately 110 full time year round employees and 300 seasonal and part-time employees depending upon the season. There are Directors (Director of Public Works, Director of Human Resources, Director of Finance, Director of Community Services, and Parks and Recreation Director), Communications Coordinator, and one District Clerk which are direct reports to the General Manager. The General Manager is also responsible for the District General Counsel which is a contract position and does not reside in the District offices.

The following identifies the authorities delegated to the General Manager through various District documents:

1. Strategic Planning, **Policy 1.1.0**, 0.1 Initiate the Strategic Planning Process
2. Conduct Meetings of the Board of Trustees, **Policy 3.1.0**, 0.6 Rules of Proceedings, f. Contracts, g. Claims; 0.8 Agenda Preparation, 0.9 Reconsideration, 0.12 Authorization to Sign Checks, 0.13 Facsimile Signatures, 0.15 Consent Calendar and 0.17 Legislative Matters
3. **Policy Resolution No. 103** (Resolution 1475) Establishing a Policy for the Granting of Easement Across District Property
4. **Policy Resolution No. 105** (Resolution 1480) Adopting a Personnel Management Policy
5. **Policy Resolution No. 110** (Resolution 1493) Policy Statement on Community Relations Expenditures



6. **Policy Resolution No. 111** (Resolution 1494) Policy Statement on Collection of Delinquent Special Assessments
7. **Policy Resolution No. 113** (Resolution 1517) Use of Trademark by Private Businesses and Persons
8. **Policy Resolution No. 115** (Resolution 1527) Use of IVGID Boardroom
9. **Policy Resolution No. 116** (Resolution 1538) Establishing Penalty and Interest Charges on Delinquent Accounts and Collection Thereof
10. **Policy Resolution No. 120** (Resolution 1575) Group Use of Beaches
11. **Policy Resolution No. 121** (Resolution 1581) Adopting Policy and Procedure For the Settlement of Lawsuits and Related Claims
12. **Policy Resolution No. 127** (Resolution No. 1619) Complimentary Recreation Privileges
13. **Policy Resolution No. 129** (Resolution No. 1632) Relinquishment and Acquisition of Utility Easements and Encroachment Agreements
14. **Policy Resolution No. 132** (Resolution No. 1701) Fundraising/Donation Activities at IVGD Facilities
15. **Policy Resolution No. 134** (Resolution No. (not issued) Policy Governing Service of Alcoholic Beverages at IVGID Facilities
16. **Policy Resolution No. 135** (Resolution No. 1760) Temporary Dog Park at Village Green
17. **Policy Resolution No. 136** (Resolution No. (not required) Policy concerning access to District Property and the Use of District Facilities for Expression
18. **Policy Resolution No. 137** (Resolution No. 1801) Policy for the Provision of Records to the Public
19. **Policy Resolution No. 138** (Resolution No. 1849) Naming/Dedication of IVGID Facilities and Acknowledging Important Local Persons, Events or History
20. **Ordinances:**
 - a. 1 – Solid Waste
 - b. 2 – Sewer
 - c. 3 – Water
 - d. 7 – Recreation Pass
21. **Golf Complimentary Privilege Policy**

Facility/Venue Overview

The Incline Village General Improvement District owns and operates several recreational and event venues within the community. They are the Recreation Center, Incline Beach, Ski Beach, Burnt Cedar Beach, Hermit Beach, Diamond Peak Ski Resort, Mountain Golf Course, Championship Golf Course, Aspen Grove, Treatment Plant, Chateau, Skateboard Park, and various pump stations.

Included within the Nevada Revised Statutes are two chapters which are relevant to two of our venues - Chapter 455A: Skier Safety and Chapter 455B: Recreational Parks.

The main office of Incline Village General Improvement District is located at 893 Southwood Boulevard. The General Manager, Director of Human Resources, Director of Finance, Director of Community Services, and the District Clerk all have their offices in this building.

The Board of Trustees has an individual mail receptacle located within the main office where District Staff places materials for each Trustee.



Vision Statement

With a passion for quality of life and our environment, Incline Village General Improvement District will enhance the reputation of our community as an exceptional place to live, work, invest, and play.

Mission Statement

The Incline Village General Improvement District delivers exemplary recreational experiences and provides the highest level of water, sewer, and solid waste services while striving for fiscal and environmental sustainability.

Value Statement

We are dedicated people providing quality service, for our community and environment, with integrity and teamwork.

District Mantra

One District • One Team

Ordinances

The Incline Village General Improvement District has four ordinances that govern the community. They are:

Ordinance 1: An ordinance regulating solid waste and the collection of garbage, rubbish, waste matter and refuse, and the collection, removal and disposal thereof

Ordinance 2: An ordinance establishing rates, rules and regulations for sewer service

Ordinance 4: An ordinance establishing rates, rules and regulations for water service

Ordinance 7: An ordinance establishing rates, rules and regulations for recreation passes and recreation punch cards

The Public Works Department also enforces landscaping requirements, which are a subset to Ordinance 4, Article 18.

The Tahoe Regional Planning Agency (TRPA) governs the noise within our community. Chapter 23 of their regulations is what the Incline Village General Improvement District follows with respect to noise. When our community members have a concern, regarding noise, the District staff references this regulation and suggest that the community member telephone the Washoe County Sheriff for assistance.

Policies and Practices

During Fiscal Year 2007/2008, the Board of Trustees adopted a strategy, in parallel with the Government Finance Officers Association, of having policy statements and accompanying practices. Each policy statement is presented to the Board of Trustees for the adoption. The District's website has these items included on it.



Resolutions

The District Clerk of the Incline Village General Improvement District maintains the Resolution Log for the District. Currently, the District has a list of over 1,800 resolutions. Resolutions are issued for a myriad of reasons; adoption of a seal (Resolution 2), addition of powers (Resolution 185), dedication of the Administration Building (Resolution 1740), Approval of the Recreation Standby and Service Charges (Resolution 1741) as examples.

As time progresses, technology advances take place, and, in general, operating situations change, the District Staff amends resolutions to fit these changes. These amendments and new resolutions come before the Board of Trustees for ratification and support.

Strategic Management Plan

The Incline Village General Improvement District has a Strategic Plan. It is a living document that is revised and refined with changing conditions, acquisitions, industry practices, etc. It is under the direction of the General Manager that this plan is followed. A copy of the Strategic Plan for the Incline Village General Improvement District is on its website.

Websites

The Incline Village General Improvement District has a host of interconnected websites (golfincline.com; diamondpeak.com; insideivgid.org; ivgid.org; etc.) for its different venues and departments. The home website, for the District, is yourtahoepace.com. At this website, the Trustees and community will find a multitude of useful information including contact information, District calendar and various links. Each Trustee has a photograph and contact information located at this website. This allows the community to have 24-hour access to the Trustees, via e-mail, and for our new residents and visitors. Trustees are required to annually file a financial disclosure statement which is available at the Nevada Secretary of State website.

Document Retention

The District maintains a multitude of documents in retention in accordance with its approved, by the State of Nevada, document retention schedule. One of the primary locations, accessed by the District Clerk and other selected key District Staff, is IVGID Archives. At this network server location, the Board of Trustees agendas, minutes and agenda packets are scanned and kept. The audio tapes of the Board of Trustees meetings and other public meetings are kept by the District Clerk in a secured cabinet at the Administrative offices. The tapes are destroyed in accordance with the document retention schedule. Another location, administered by members of the Finance, Accounting and Information Technology team, is the parcel master files.

Intranet

The Incline Village General Improvement District, in July of 2005, launched an intranet which is an internal website for District employees only. This website can be accessed, using internal District computers by using the web address of www.insideivgid.com. This intranet is an intuitive tool where District Staff can access forms, calendars, telephone directories, etc. Its expansion is dependent upon the need of information for the District Staff and it is administered by the Information Technology team.



Recreation and Beach Fees

The recreation and beach fees are used to support the various recreational venues available to the property owners and residents of Incline Village/Crystal Bay community which is annually charged and billed on the Washoe County property tax bills. Billing the recreation and beach fees, on the Washoe County property tax bill, is a cost effective method to keep the cost of administrating the recreation and beach fees down. Each fiscal year, a Recreation and Beach Fee table is prepared. There are approximately 8,222 billable parcels/units within Incline Village and Crystal Bay.

Purchasing

Nevada Revised Statutes Chapters 332 and 338 discusses, in detail, the requirements for local government purchasing.

Budgets – Operating

Each year, Staff prepares a detailed calendar outlining all operating and capital tasks and important milestones to be met by Staff and the Board during the budget process. The budget process can begin as early as November and it is statutorily required to conclude by the end of May. The Board of Trustees takes an active role in the budget process and is asked to attend several Board budget workshops to ensure the Board of Trustees understands all aspects of the budget process. These budget workshops are typically held on the first Thursday meeting and additional workshops are scheduled, as needed, by the Board and Staff. This occurs during the last meeting of the month when the Board of Trustees and Staff review the Long Range Calendar. While it is rare, occasionally Saturday meetings are convened. All meetings are all held in accordance with the Open Meeting Law and the public is invited to attend. In May, the Board of Trustees must hold public hearings for the (1) operating and capital budget and (2) proposed recreation and beach fee. Later on, in the same meeting, the Board adopts the applicable fiscal year operating and capital budget as well as adopting the recreation and beach fees.

Budgets – Capital Improvement

The Incline Village General Improvement District Capital Improvement Plan (CIP) is an important planning tool that is used to link the District's physical development planning with fiscal planning. The CIP lists the projects needed to preserve the significant investment the District already has in infrastructure, as well as improvements needed to spur community economic growth and development.

The CIP document is a policy guide and is not intended to replace future District budget decisions. The District has in place a CIP Review Team which reviews the recommendations and requests for CIP Projects made by department/division staff.

There are two general categories for CIP projects:

1. small improvement projects and major maintenance needs which compete for revenue in the annual budget cycle; and
2. major projects requiring the expenditure of public funds (above annual operating expenses) for the purchase, construction or replacement of physical infrastructure in our community.

A CIP project can include the following:

- **Land:** land, easements and rights-of-way
- **Structures:** feasibility studies, construction costs, architectural, engineering, legal and related expenses; major renovation or additions
- **Equipment:** equipment to serve a new facility or replaces existing equipment in facilities (e.g. furniture, fleet vehicles, library books or computer systems)
- **Other Expenditures:** cost-sharing arrangements between the District and outside parties; purchase of water rights, etc.

The Trustees are involved in the CIP process as they review the data sheets submitted as part of the budget process.

Holiday Schedule

The District Staff enjoys eleven holidays each year - New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Nevada Day, Veterans' Day, Thanksgiving Day, Family Day (the day after Thanksgiving) and Christmas Day.

Employee Meetings

All Employee meetings are held twice each year – typically December and August. These meetings celebrate the achievements of the District employees.

Safety Week

Safety Week is generally held the third week of October and is comprised of each employee conducting area safety checklists, watching videos and participating in other related events. This program is lead by the District Safety Officer who is supported by the Safety Committee members.

Venue Seasonal Operating Dates

Diamond Peak Ski Resort opening is weather dependent but generally opens early in December.

The Championship and Mountain Golf Courses openings are also weather dependent but generally they open late May with the Mountain Golf Course opening one week after the opening of the Championship Golf Course.

The Tennis Center opens early May and closes mid-October.

The Recreation Center is open year round.

Policies and Procedures

The Incline Village General Improvement District has policy and procedures in effect. Policies and procedures are those items which have a District wide effect on general business practices. These are located on the District website under “Resources”.

MEMORANDUM

TO: Board of Trustees

FROM: Tim Callicrate
Board of Trustees Chairman

THROUGH: Indra Winquest
District General Manager

Susan A. Herron
District Clerk

SUBJECT: Policy 15.1.0: Accounting, Auditing and Financial Reporting: Audit Committee; Organization: Confirm existing appointments or make two new appointments

DATE: January 15, 2021

In accordance with Policy 15.1.0: Accounting, Auditing and Financial Reporting: Audit Committee; Organization, specifically the following two paragraphs, this item is brought forward for possible action.

Annually, the Board of Trustees will appoint two Trustees to be voting members. Appointing Trustees to serve successive years increases the consistency and allows for knowledge retention. In the event a Trustee is removed or resigns, the Board of Trustees shall appoint a new member to the committee.

The voting Committee members are limited to two 2-year terms which may be extended in the event there are no interested and qualified applicants.

At the January 22, 2020 Board of Trustees meeting, excerpt of minutes is attached hereto for reference, the Board of Trustees elected three members to serve on the Audit Committee – Trustees Callicrate, Dent and Schmitz. This election was done under the previously adopted Policy 15.1.0. When the updated Policy 15.1.0, attached hereto as a reference, was adopted on May 6, 2020, Trustee Callicrate resigned in accordance with the policy. Further, the policy contains the above two paragraphs which might be in conflict therefore we thought it best to affirm with the Board of Trustees what they would like to do:

Option A: Take no action which affirms the appointments of Trustees Dent and Schmitz and continues their service through December 31, 2021 which would be the completion of their two-year term.

-OR-

Option B: As the appointments of Trustees Dent and Schmitz began on January 22, 2020, this meeting would be the appropriate meeting to appoint two Trustees to be voting members to the Audit Committee in compliance with the section of the Policy shown above which states that “Annually, the Board of Trustees will appoint two Trustees....”

H. GENERAL BUSINESS (for possible action)

H.1. Election of Board of Trustees Officers for the 2020 Term - effective January 23, 2020 (Requesting Trustee: Chairwoman Kendra Wong) *(was General Business H.7.)*

District Clerk Susan Herron conducted the election of Board of Trustees officers as follows:

Trustee Dent nominated Trustee Tim Callicrate for Board Chair. No other nominations were received for this position therefore Trustee Callicrate is elected Board Chair effective January 23, 2020.

Trustee Callicrate nominated Trustee Matthew Dent for Board Vice Chair. No other nominations were received for this position therefore Trustee Dent is elected Board Vice Chair effective January 23, 2020.

Trustee Callicrate nominated Trustee Sara Schmitz for Board Treasurer. No other nominations were received for this position therefore Trustee Schmitz is elected Board Treasurer effective January 23, 2020.

Trustee Dent nominated Trustee Kendra Wong for Board Secretary. No other nominations were received for this position therefore Trustee Wong is elected Board Secretary effective January 23, 2020.

H.2. Review, discuss and possibly appoint Audit Committee Members for the 2020 Term – Effective January 23, 2020 (Requesting Trustee: Chairwoman Kendra Wong) *(was General Business H.8.)*

Trustee Morris said that he doesn't want to be on the Audit Committee.

Trustee Callicrate made a motion to have Trustees Schmitz, Dent and Callicrate on the Audit Committee. Trustee Wong seconded the motion. Chairwoman Wong asked for any further comments, hearing none, called the question – the motion was passed unanimously.

H.3. Case No. CV18-01564 Mark E. Smith v. IVGID) - Review, discuss and possibly approve providing Interim District General Manager Winquest with a not-to-exceed \$7,500.00 in legal fees and costs to cover fees that were not budgeted as of the last update



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

The Incline Village General Improvement District is committed to be proactive, informed, and providing the highest form of financial accountability to its parcel owners. Achieving this goal requires clear rules and procedures for making decisions and their impact on financial results.

The Government Finance Officers Association encourages the effective use of an audit committee in the public sector and considers this committee an integral element of public accountability and governance. The Audit Committee plays a key role with respect to the integrity of the District's financial information by ensuring those responsible for financial management (management, auditors, and the Board of Trustees) meets their respective responsibilities for internal controls compliance and financial reporting.

To be effective, an audit committee should be formally established by the Board of Trustees, be adequately funded, and properly documented.

POLICY: The Audit Committee ("Committee") is to assist the Board of Trustees fulfill its responsibilities in accordance with Nevada Revised Statutes, District Policies, Practices, Ordinances, and Resolutions by providing oversight over the District's financial reports, the systems of internal controls including the internal audit plans and reports, and the independent external auditor's assessment of financial statements.

The Committee will ensure open communication and maintain strong working relationships with the IVGID Board of Trustees, the General Manager, Director of Finance, and internal/external auditors.

The Audit Committee Charter shall be reviewed periodically with recommended changes submitted to the Board of Trustees for approval.

ORGANIZATION: The Committee shall consist of five (5) voting members. This includes two Board appointed Trustees and three Board appointed qualified At-Large Members. The Committee can be expanded to an odd number. Recommendations for expanding the number of voting members will be approved by the Committee and submitted to the Board of Trustees for approval. The Committee is to retain a financial advisor, potentially a resource from the external audit firm, to attend meetings, provide guidance and training, as needed.

Members of the Audit Committee should obtain an understanding of accounting, auditing, financial reporting, and internal control to be able, with the assistance of



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

a financial advisor, to deliberate on issues for which the Committee is responsible. Therefore, the Board of Trustees may need to budget for an outside financial advisor to assist the Committee with the independent conduct of its work. The financial advisor will be responsible for ensuring the Committee members receive training relative to internal controls, understanding of financial reports, internal audit processes, governmental regulations, and other pertinent information. The advisor should possess the following qualifications:

- A thorough understanding and experience with Generally Accepted Accounting Principles (GAAP), Government Accounting Standard Board (GASB), and financial reporting for the public sector
- Experience either preparing or auditing financial statements for similar entities
- Experience with accounting estimates and accruals
- Experience with financial internal controls
- An understanding of the function of an audit committee

Committee members shall be independent. They shall not accept any consulting, advisory, or other compensatory fee from the District. All members shall not be an affiliated person with the District.

- Annually, the Board of Trustees will appoint two Trustees to be voting members. Appointing Trustees to serve successive years increases the consistency and allows for knowledge retention. In the event a Trustee is removed or resigns, the Board of Trustees shall appoint a new member to the committee.
- At-Large Members shall be appointed by the Board of Trustees from applicants with appropriate expertise with staggering two-year terms.
 - For the first appointment, one member will serve a one-year term and the other two will serve a two-year term.
 - Each subsequent appointment will serve two-year terms.

One voting member of the Committee shall be appointed by the Committee to be the Chair. The Chair will schedule all Committee meetings and provide Committee members with a written agenda for each meeting. Committee Members may request agenda items for the Chair's consideration and approval.

The voting Committee members are limited to two 2-year terms which may be extended in the event there are no interested and qualified applicants.



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

1.0 Independent auditor reports directly to the Audit Committee

The independent auditor reports directly to the Audit Committee. The Audit Committee is expected to maintain free and open communication with the independent auditor and District Staff. This communication may include periodic executive sessions with each of these parties. The independent auditor is to bring to the attention of the Committee any additional work required, beyond the scope of work contained in the engagement agreement, to fulfill their responsibilities.

2.0 Scope of Audit Committee's Authority and Responsibilities

It is the responsibility of the Committee to provide independent review and oversight of:

1. Financial reporting
2. Internal controls
3. The independent audit of financial statements

To fulfill these responsibilities, the Committee must:

- 2.1 Be independent, effectively communicate, and reinforce accountability.
- 2.2 Manage the external independent audit procurement process.
 - 2.2.1 Ascertain that the Request For Proposal (RFP) for a firm to be retained by the District for the annual financial audit is no more than five fiscal years with those directly supervising audit staff rotating at least every two years and audit engagement partners rotating at least every three years.
 - 2.2.2 Select the independent external auditor.
- 2.3 Make recommendations to the Board of Trustees and take subsequent action to engage an external auditor for the District's Comprehensive Annual Financial Report (CAFR)
 - 2.3.1 Make recommendations on the scope of work including the identification of funds to be audited.



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

- 2.3.2 If deemed necessary, identify and recommend additional services to be performed.
- 2.3.3 By March 31st of each year, the Board of Trustees is to formally designate an external audit firm and inform the Nevada Department of Taxation.
- 2.3.4 When appropriate replace the independent external auditors or auditing firms doing work for the District and initiate the procurement process (2.2).
- 2.3.5 Approve the scope of work and audit plans by June of each year.
- 2.4 Facilitate the external audit process.
 - 2.4.1 Review and approve formal reports or letters to be submitted to the external auditor.
 - 2.4.2 Provide an independent forum for (external and/or internal resources) auditors to report findings or difficulties encountered during the audit.
 - 2.4.3 Review the auditors' report of findings and recommendations with management and the auditor.
 - 2.4.4 Review the CAFR in its entirety, including unaudited sections and letters.
 - 2.4.5 Follow -up on any corrective action identified.
 - 2.4.6 Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit.
 - 2.4.7 Assess the performance of the independent auditors.
- 2.5 Review the financial statements; quarterly and annually for fair and accurate reporting.
 - 2.5.1 Review any changes in accounting policy.
 - 2.5.2 Ensure accounting policies are followed.
 - 2.5.3 Review any off-balance sheet financings.
- 2.6 Review the framework of internal controls; ensuring management establishes, implements and reviews internal controls on a regular basis for functionality and effectiveness.



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

- 2.6.1 Review the annual internal control audit plan(s).
- 2.6.2 Review management's annual assessment of their internal controls for prior year's audit plan.
- 2.6.3 Evaluate management's identification of fraud risks, ensure the implementation of anti-fraud measures and that management is setting the tone at the top that fraud will not be accepted in any form.
- 2.6.4 The Committee may identify a need to engage an external Internal Auditor to address a specific area of concern.
 - 2.6.4.1 The Committee will review and approve or modify Management's proposal for the scope of work and selection of the resource.
 - 2.6.4.2 Management is responsible for engaging the resource to perform the scope of work and overseeing contract deliverables.
 - 2.6.4.3 Management will have the responsibility for implementation of identified internal control changes or enhancements.
 - 2.6.4.4 Management will report the findings and resolutions to the Committee.
- 2.7 Periodically review the District's code of conduct that promotes honest and ethical conduct; full, fair, accurate, timely, and understandable disclosure in periodic reports; and compliance with applicable policies to ensure it is adequate and up-to-date.
- 2.8 To review and refine as necessary the procedures for the receipt, retention, and treatment of complaints received by the District, from the public or anonymous submissions by employees of the District, regarding accounting, internal accounting controls, auditing matters, or suspected fraud.
 - 2.8.1 Review and refine as needed the procedures for educating employees on their individual role in ensuring the District's financial integrity.
 - 2.8.2 Ensure employees of the District have an anonymous method for concerns to be submitted.
 - 2.8.3 Publicize the means for the public and employees to submit concerns to the Audit Committee.



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

2.8.4 Review any submissions received, monitor the status of all submissions, ensure their timely resolution, and the document handling or disposition.

2.9 The Audit Committee is to submit an annual report to the Board of Trustees assessing the results of its fulfillment of its duties and responsibilities.

3.0 Meetings

3.1 Meetings are to be conducted in accordance with the state's Open Meeting Law NRS 241. The Board of Trustees will be emailed a copy of the meeting minutes. Meeting minutes will be posted on the District website.

3.2 The committee will hold meetings at a minimum of once per quarter. All members are expected to attend on a regular basis.

3.3 Review correspondence to determine if any action is to be taken. If needed, assign the responsibility to investigate and resolve the concern/question to the appropriate organizational leader. Communicate with the submitter, if known, regarding their submitted concern.

3.4 Review all past correspondence with action outstanding. Ensure responses and/or corrective action is taken in a timely manner.

3.5 The committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

3.6 The committee Chair shall establish the agenda for meetings and provide all briefing materials to members and the public in advance.

3.7 An annual meeting is to be held with the independent external auditors, the General Manager, the Director of Finance, legal counsel and anyone else as desired by the Committee to review the audited annual financial statements including the Comprehensive Annual Financial Report (CAFR) and the auditor's letter of findings.

MEMORANDUM

TO: Board of Trustees

FROM: Tim Callicrate
Board of Trustees Chairman

THROUGH: Indra Winquest
District General Manager

Susan A. Herron
District Clerk

SUBJECT: Nevada League of Cities: Confirm existing appointment of Trustee Matthew Dent or appoint a different Trustee to be the District's representative to this organization

DATE: January 15, 2021

Presently, the Board of Trustees has Trustee Matthew Dent as the District's representative to the Nevada League of Cities. This appointment was made several years ago. It is time to review this appointment, with a new Board of Trustees member, and determine if the Board wants to (A) reaffirm the appointment of Trustee Matthew Dent as the District's representative to the Nevada League of Cities or (B) make an appointment of a different Trustee to serve as the District's representative to the Nevada League of Cities. Whatever the outcome, Staff will notify the Nevada League of Cities of the Board's decision.

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winqest
District General Manager

SUBJECT: Approval of a contract with Tri-Strategies, Ltd. to provide legislative advocacy services in the not to exceed amount of \$20,000.00

DATE: January 20, 2021

I. RECOMMENDATION

That the Board of Trustees makes a motion to approve the attached contract for legislative representation services for the 81st Legislative Session of the State of Nevada with Tri-Strategies in the not to exceed amount of \$20,000.00

II. BACKGROUND

Policy 3.1.0, paragraph 0.10, Legislative Matters reads as follows:

The General Manager may from time to time propose positions on legislative issues, which positions shall be reviewed and approved by the Board at its regular meeting.

On February 1, 2021, the Nevada Legislature shall convene its 81st session. Representation for the District was contracted for the 80th session (two years ago) and was done so with Tri-Strategies. Their services were deemed excellent and Staff would like to recommend contracting with them again for the 81st session. Presently, the District's budget includes \$25,000 for these services and they are under Professional Services, General Fund (100.11.100.6030). This expenditure is within the General Managers Spending Authority.


On January 13, 2021, the Board of Trustees had the review of the scope of work for this work and suggestions were made to improve the scope of work which have been incorporated. The scope of work was approved by the Board of Trustees by a vote of 4 to 1. This action is a follow up to bring back the entire contract, as promised by District General Manager Winqest, for review and approval.


TRI-STRATEGIES, LTD

Incline Village General Improvement District

2021 IVGID Contract & Scope of Work

1. **Parties Involved:** Tri-Strategies, LTD ("Consultant") agrees to provide the following services to Incline Village General Improvement District "IVGID" ("Client"), upon the terms and conditions set forth in this Agreement.
2. **Services:** Consultant agrees to perform the services identified by IVGID staff in a Scope of Work.
3. **Starting and Completion Dates:** The term of this Agreement is from February 1, 2021 to June 30, 2021, subject to any mutually agreed upon extension in writing (the "Term").
4. **Additional Work:** This Agreement may be modified to add to the tasks and scope of work should both parties (Consultant and Client) be in agreement in writing on the modifications. Consultant shall be paid for such services as mutually agreed upon by the parties.
5. **Work Delegation:** All direct services shall be those of Consultant as agreed upon between Consultant and Client.
6. **Termination:** Either of the parties shall have the right to terminate this Agreement prior to the conclusion of the Term by providing the other with at least thirty (30) days written notice. Upon any early termination of this Agreement, Client shall pay Consultant for all services performed and pre-approved expenses incurred prior to the date of termination. Notwithstanding the foregoing, Client shall have the right to immediately terminate this Agreement upon notice to Consultant in the event that Consultant breaches any of the terms of this Agreement and has failed to cure said breach, if curable, within forty-eight (48) hours of receipt of such notice. A notice, if required, shall be made to: Consultant: Tri-Strategies, Eddie Ableser 59 Damonte Ranch Parkway #B-552, Reno, NV 89511; Client: Attn: General Manager, 893 Southwood Blvd., Incline Village, NV, 89451.
7. **Independent Contractor Status:** Consultant and Client are independent contractors acting for their own account, and neither party nor its employees are authorized to make any representations or commitments on the other party's behalf or to hold itself out as the agent of the other.
8. **Fees and Payment Schedule:** The fees for total assignment, project, or service and the payment schedule are outlined in the Scope of Work. All invoices shall be sent to IVGID, Attn: District General Manager, 893 Southwood Blvd., Incline Village, NV 89451

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9. **Expenses:** Consultant shall be reimbursed by Client for pre-approved (in writing) extraordinary expenses relating to this Agreement.
 10. **Late Payment:** Payment of Consultant invoices is due in full upon presentation of invoice. Consultant invoices not paid by Client within thirty (30) days of date of billing will be subject to a late payment charge equal to the lesser of (i) one percent (1%) per month; or (ii) the maximum amount allowed by law.
 11. **Stop Work:** Consultant shall discontinue work and this Agreement shall terminate after sixty (60) days of nonpayment by Client, of fees and pre-approved (in writing) expenses billed by Consultant.
 12. **Confidentiality:** Consultant shall treat as confidential and will not disclose any proprietary information that is disclosed by Client or that comes to the attention of Consultant prior to, during, or following the course of this Agreement.
 13. **Applicable Law:** This Agreement shall be enforced in accordance with, and in performance shall be governed by, the laws of the State of Nevada without giving effect to the conflict of law provisions thereof.
 14. **Indemnification:** Each party hereby agrees to indemnify and hold harmless the other party and its directors, officers, and employees from any and all liabilities, losses, costs, damages, claims, liens, judgments, penalties, fines, legal fees, court costs and other legal expenses, insurance policy deductibles, and all other expenses arising out of or related to the indemnifying party's activities, operations or omissions pursuant to this Agreement. Such indemnity shall apply to the fullest extent permitted by applicable law. The obligations of the indemnifying party under this Section shall survive the expiration or termination of this Agreement. This mutual indemnity shall be subject to principles of comparative negligence.
 15. **Exclusion of Damages:** In no event shall either party be liable to the other or any other person or entity for any special, exemplary, indirect, incidental, consequential or punitive damages of any kind or nature whatsoever (including, without limitation, lost revenues, profits, savings or business) or loss of records or data, whether in an action based on contract, warranty, strict liability, tort (including, without limitation, negligence) or otherwise, even if such party has been informed in advance of the possibility of such damages or such damages could have been reasonably foreseen by such party. For clarity, the foregoing does not exclude fines or penalties.
 16. **Disputes:** Any controversy, claim, or dispute of whatever nature arising between the parties (a "Dispute") shall be resolved by mediation or, failing mediation, by binding arbitration. This agreement to mediate or arbitrate shall continue in full force and effect despite the expiration, rescission, or termination of this Agreement.



Either party may begin the mediation process by giving a written notice to the other party setting forth the nature of the Dispute. The parties shall attempt in good faith to resolve the Dispute by mediation within sixty (60) days of receipt of that notice.

If the Dispute has not been resolved by mediation as provided above, or if a party fails to participate in mediation, then the Dispute shall be resolved by binding arbitration in Nevada. The arbitration shall be undertaken pursuant to the substantive laws of the State of Nevada and the Federal Arbitration Act. The decision of the arbitrator shall be enforceable in any court of competent jurisdiction. The parties knowingly and voluntarily waive their rights to have the Dispute tried and adjudicated by a judge or jury.

Any party may demand arbitration as provided above by sending written notice to the other party. The arbitration and the selection of the arbitrator(s) shall be conducted in accordance with such rules as may be agreed upon by the parties, or, failing agreement within thirty (30) days after arbitration is demanded, under the rules of the American Arbitration Association, using a single arbitrator regardless of the amount in Dispute. The arbitration shall be held in Nevada or at any other location agreed upon by the parties.

17. **Compliance with Laws:** During the Term, Consultant and its principals shall be responsible, at its own expense, comply with all applicable laws and regulations, including without limitation, all registration, reporting, lobbying, and ethics requirements.
18. **Signatures:** The parties have accepted and signed this Agreement as of the dates shown below:

Consultant

Client

Eddie Ableser Ph.D.

CEO, Tri-Strategies, LTD.

1/6/2020

Scope of Work

Consultant will represent the Incline Village General Improvement District at the 81st Legislative session for the State of Nevada in Carson City, Nevada, scheduled to start on February 1, 2021 and scheduled to end on or about June 30, 2021. Consultant will verbally communicate with the Incline Village General Improvement District’s District General Manager and Board of Trustees Chair the information as it develops during this session and determine the impacts to the Incline Village General Improvement District. Specifically, but not limited to, Consultant will advocate in a position determined by the Incline Village General Improvement District to be advantageous to same and consistent with established policies, procedures and norms and coordinate their work, to the best of their ability, with Washoe County’s Legislative advocate.

Deliverables

1. Written communication(s) to the Incline Village General Improvement District’s District General Manager and Board of Trustees at intervals deemed to be mutually agreed to by the Consultant, District General Manager and Board of Trustees based on the activity at the Legislative session.
2. A required one (1) in person written report, per month, at a regular or special meeting of the Board of Trustees of the Incline Village General Improvement District on a date that is mutually agreed to by the Consultant, District General Manager, and Board of Trustees. One (1) of these in person reports shall be scheduled after the session ends and to the greatest extent possible, before a special session of the Legislature be called, if applicable.

Fee Schedule

1. Representation at the 81st Legislative Session beginning on February\$15,000.
1, 2020 and scheduled to end on or about June 30, 2021. Billing shall occur at the start of each month and shall be divided into five equal payments of \$3,000.00 per month which includes attendance at one (1) meeting of the Incline Village General Improvement District Board of Trustees which includes all expenses for time spent in preparation, mileage, and printed reports.
3. If additional meetings are required at the request of either the District..... \$750.00 per meeting
General Manager or the Board of Trustees, each of those meetings will be billed at \$750.00 per meeting which includes all expenses for time spent in preparation, mileage, and printed reports.
4. Additional services: If additional services are required, they shall be negotiated prior to providing such service. Negotiation shall be between the District General Manager, the Board of Trustees and Consultant. If the additional service(s) aggregate into more than five thousand dollars (\$5,000.00), then the additional service proposal that exceeds that threshold shall be brought forward to the Board of Trustees prior to beginning the additional service.

Maximum not-to-exceed value of this agreement*\$15,000.

*Assuming that no additional meetings or services are required as outlined in 3. or 4. above.