

## MEMORANDUM

**TO:** Audit Committee

**THROUGH:** Audit Committee Chairman Ray Tulloch

**FROM:** Paul Navazio  
Director of Finance

**SUBJECT:** Update on External Audit Progress and Review of Draft Financial Statements

**DATE:** October 26, 2021

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### **I. RECOMMENDATION**

It is recommended that the Audit Committee receive an informational update on the status of the independent audit of the District's financial statements for the fiscal year ended June 30, 2021.

### **II. BACKGROUND**

The District, through the Audit Committee, has engaged Davis Farr, LLP to perform the independent audit of the District's financial statements for the fiscal year ended June 30, 2021. An audit work plan and schedule was presented to the Audit Committee at their meeting of June 9, 2021 (Attachment 1), and Davis Farr provided an interim status report to the committee at their meeting of August 13, 2021.

From management's perspective, the audit has been progressing consistent with the approved work plan and schedule. Highlights include:

- Trail balances provided to auditors Sept. 24<sup>th</sup>
- Auditors begin final audit procedures onsite Sept. 27<sup>th</sup>–Oct. 8<sup>th</sup>
- Draft #1 of financial statements provided to auditors Oct. 18<sup>th</sup>

Included as attachments to this memorandum are copies of the documentation requested by the auditors for both the Interim Audit (Provided by Client (PBC) list) and the ongoing final audit (Additional Request List), as well as copies of the first draft of the financial statements provided to Davis Farr.

*Next Steps*

The audit work plan schedule calls for the auditor to provide comments on the first draft of the District's financial statements on October 22, 2021, with the second draft due to Davis Farr on October 29, 2021. Draft audit reports are scheduled to be issued in early November, with final audit opinion and report scheduled for the end of November. A meeting of the Audit Committee is planned in mid-November to review the draft reports, prior to the auditor issuing their final audit report.

Attachments

- 1) Audit Work Plan
- 2) Document Requests Lists
  - a. PBC Listing (Interim Audit)
  - b. Additional Request List (Final Audit)
- 3) Draft #1 – Financial Statements
  - a. Financial Statements
  - b. Notes to the Financial Statements

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**Audit Work Plan**  
**Fiscal Year Ending June 30, 2021**

*The following work plan is subject to modification but represents the work plan and milestones for the completion of the annual financial statement audit.*

Audit Committee Meeting
IVGID Finance staff
Davis Farr

Target Date	Task Assigned To	Task
April 15, 2021	Davis Farr	Draft audit engagement letter due
April 29, 2021	Audit Committee	Meeting #1 with auditors and staff to discuss scope and timing of audit and upcoming changes in accounting and auditing standards impacting the organization
May 5, 2021	Davis Farr	Provide interim audit request list to Finance staff
May 14, 2021	Finance staff	Upload interim audit request items to FTP site
May 17, 2021	Davis Farr	Begin interim audit procedures on-site
May 28, 2021	Davis Farr	Status meeting with Finance staff
May 28, 2021	Davis Farr	Provide final audit request list and confirmation instructions to Finance staff
June 30, 2021	Finance staff	Due date for returning confirmation requests to Davis Farr
August 15, 2021	Finance staff	Accounts Payable Cut-off
August 30, 2021	Finance staff	Complete capital project closeouts and depreciation entries
Late Aug 2021	Audit Committee	Meeting #2 to discuss progress of year end close, issues identified during interim audit, complex accounting issues, and review final audit timeline
September 24, 2021	Finance staff	Upload trial balance and final audit request items to FTP site
September 27, 2021	Davis Farr	Begin final audit procedures on-site
October 8, 2021	Davis Farr	Status meeting with Finance staff
October 15, 2021	Finance staff	Draft #1 of financial statements due to Davis Farr (Financial Section only)
October 22, 2021	Davis Farr	Status meeting with Finance staff
October 22, 2021	Davis Farr	Review comments on Draft #1 and draft SAS letters due to Finance staff
October 29, 2021	Finance staff	Draft #2 of financial statements due to Davis Farr (inclusive of Introductory Section, MD&A, and Statistical Section)
Early November	Finance staff	Mailout of draft reports to Audit Committee (full Draft annual report)
Mid November	Audit Committee	Meeting #3 to review draft reports and results of audit
End of November	Davis Farr	Finalize audit opinion and reports after Finance staff makes any necessary changes as a result of audit committee meeting
Mid-December	Audit Committee	Meeting #4 to receive and review Final CAFR document
No later than Dec 31, 2021	Davis Farr	Present final reports to Board of Trustees

**Incline Village General Improvement District**  
**FINAL PBC LISTING**  
**FYE 6/30/21**

The following is a listing of schedules and reports we would like to request to be prepared or copied in preparation of our audit examination of the District for the year ended June 30, 2021. As a reminder, we prefer to receive documentation electronically.

Number	Category	PBC Item
1	Trial Balances	Final Trial Balance Summary (balance sheet, revenues, expenditures) for all funds and accounts for FY (excel format).
2	Cash and Investments	Copy of the Treasurer's Reports for June 30
3	Cash and Investments	Schedule of investments identifying investment type, maturity, and end of year rating for GASB 40 disclosures.
4	Cash and Investments	Schedule of investments identifying investment's fair value hierarchy level (level 1, 2, or 3) for GASB 72 disclosures.
5	Cash and Investments	June 2021 bank reconciliations and statements for all accounts with reconciling items, including a supporting list of outstanding checks and deposits in transit. Please also provide July bank statements.
6	Receivables	Aging schedules of all receivables and due from other governments
7	Inventory	Inventory listing as of June 30 and documentation of last inventory count
8	Prepays	Listing of prepaid items
9	Deposits	Listing of deposits
10	Capital Assets	Lead schedule of capital assets that includes beginning balance (PY audit balance), additions, deletions, and ending balance - by type. Same for accumulated depreciation - by type. Separate schedule for Enterprise Funds.
11	Capital Assets	Supporting detail of capital assets and accumulated depreciation - by type with reconciliations to capital outlay and other supporting detail for additions and deletions (including original costs, useful lives, current and accumulated depreciation). Separate schedule for Enterprise Funds.
12	Capital Assets	Calculation of gain/loss on disposals of capital and other assets, if any.
13	Capital Assets	Schedule of capital projects included in construction-in-progress.
14	Interfund Activities	Lead schedule of due to/from other funds (with reasons for significant balances). If any due to/due from has been recorded for more than one year, consider reclassifying it as an advance.
15	Interfund Activities	Lead schedule for changes in advances to/from other funds. For any new advances, please provide the new advance agreement.
16	Interfund Activities	Lead schedule of inter-fund transfers (with reasons for significant transfers). If the transfer was made out of a restricted fund with restricted resources, please provide documentation (i.e. fund expenditure report, etc.) to support the fund that received the transfer incurred sufficient eligible expenditures (allowable expenditures recorded in the fund must be at least the dollar amount of the transfer amount).
17	Accounts Payable	Subsequent check register from July 2021 - up to date.
18	Accounts Payable	Invoice List by GL Account as of June 30.
19	Deposits Payable	Detail of deposits payable by vendor/customer as of June 30.
20	Accrued Liabilities	Supporting schedule of accrued payroll with supporting documentation (e.g. journal entry, payroll register, etc.)
21	Accrued Liabilities	Supporting schedule of other payroll liabilities accounts.

**Incline Village General Improvement District  
FINAL PBC LISTING  
FYE 6/30/21**

The following is a listing of schedules and reports we would like to request to be prepared or copied in preparation of our audit examination of the District for the year ended June 30, 2021. As a reminder, we prefer to receive documentation electronically.

<b>Number</b>	<b>Category</b>	<b>PBC Item</b>
22	Unearned Revenue	Detailed listing of unearned revenue
23	Long-Term Liabilities	Lead schedule of changes in long-term liabilities (including amounts due within one year) for governmental and business-type activities as of June 30. The schedule should identify the beginning balance, additions, deletions, and ending balance.
24	Lease Commitments	Schedule of lease commitments and all lease agreements
25	Fund Balance/Net Assets	Fund balance reconciliation to prior year audited fund balance.
26	Fund Balance/Net Assets	For governmental funds, provide a schedule of amounts that should be reported in the Restricted, Committed, and Assigned Categories in accordance with GASB 54.

**ADDITIONAL REQUESTS**

<b>Item</b>	<b>Category</b>	<b>Description</b>	<b>Date Requested</b>
27	Restricted Deposit - Lawsuit	Please provide update and sufficient documentation to support the current status of the Restricted Deposits held in Lawsuit for Footnote 20 (PY CAFR)	6/9/21
28	Tax Abatements	Please provide support for all tax abatements sufficient to update footnote 21.	6/9/21
29	Expenses	Please provide a check register and wire register for all non-payroll checks and wires issued during the year.	6/9/21
<b>A.1</b>	Receivables	GL transaction detail report for Beach Fund AR totaling to \$13,087 This is made up of the following accounts: - 390-00-000-0205 - 390-00-000-0870 - 390-00-000-0875	9/28/2021
<b>A.2</b>	Cash and Investments	Wells Fargo July Bank Statement	9/28/2021
<b>A.3</b>	Receivables	For the receivables listed on tab A.3, indicate the following: - If the amount has been received or not. - If it has been received, please provide evidence of receipt. - If not yet received, indicate when it is estimated to be received.	9/28/2021
<b>A.4</b>	Receivables	FY2020 ending balance detail of AR for the following accounts: - 320-00-000-0205 - 390-00-000-0205 - 390-00-000-0870 - 390-00-000-0875 - 100-00-000-0470 - 360-00-000-0470 - 390-00-000-0470	9/28/2021
<b>A.5</b>	Receivables	Please provide responses to the questionnaire on tab A.5.	9/28/2021
<b>A.6</b>	Interest Receivable	Please provide narrative explaining how interest is allocated.	9/28/2021
<b>A.7</b>	Grants Receivable	Aging receivable report for ski fund grants receivable totaling to \$369,662 and recreation fund grants receivable totaling to \$4,250. *Please also provide the receivables for these funds for prior year	9/28/2021
<b>A.8</b>	Grants Receivable	Grant agreement for ski fund grant.	9/28/2021
<b>A.9</b>	Tax Receivable	Please provide support for the tax receivables for the following accounts: - 390-00-000-0320 - 360-00-000-0320	9/28/2021
<b>A.10</b>	Proprietary Fund Receivables	Please provide aging detail report for the following accounts: - 200-00-000-0210 - 200-00-000-0250	9/28/2021
<b>A.11</b>	Inventory	Detail inventory listing for the following accounts: - 320-00-000-0710 - 410-00-000-0715	10/1/2021
<b>A.12</b>	Inventory	Provide a brief narrative to explain the inventory total decrease from prior year for the following accounts: - 320-00-000-0710 - 410-00-000-0715	10/1/2021
<b>A.13</b>	Interest Receivable	Provide clarification regarding the interest receivable and interest revenue relationships on tabs A.13.	10/1/2021
<b>A.14</b>	Prepays	Invoice support for the invoices listed on tab A.14	10/1/2021
<b>A.15</b>	Accounts Payable	Invoice support for the transactions listed on tab A.15	10/1/2021

### ADDITIONAL REQUESTS

Item	Category	Description	Date Requested
A.16	Accounts Payable	Provide list of unprocessed invoices, if applicable.	10/1/2021
A.17	Accounts Payable	Accounts payable listing for FY21 year end and FY20 year end.	10/1/2021
A.18	Other Liabilities	Detail listing of the unearned revenue comprised of accounts on tab A.18	10/1/2021
A.19	Other Liabilities	Detail listing of the due to other government account 390-00-000-2555 that amounts to \$15,126.	10/1/2021
A.20	Accrued Expenses	Detail listing of the interest payable accounts listed on tab A.20	10/1/2021
A.21	Cash and Investments	It was noted that there are two funds which are currently reporting negative cash. We will need to book a due to/from with another fund to cure these balances - please let us know which fund this would come from.	10/1/2021
A.22	Cash and Investments	Please provide the Mark-to-Market adjustment along with supporting schedules for how amounts were calculated.	10/1/2021
A.23	Other Liabilities	Provide detail listing for each account on tab A.23	10/5/2021
A.24	Receivables	Provide detailed explanation for account changes in accounts listed on A.24.	10/5/2021
A.25	Grants Receivable	Provide support for the GL transactions (amount highlighted in yellow) listed on tab A.25. Screengrab was obtained from support provided at request A.7.	10/5/2021
A.26	Grants Receivable	Recreation grant agreement	10/5/2021
A.27	Capital Assets	Please provide contact information for lead engineer or project manager for the following CIP projects - Burnt Cedar Swimming and Toddler Pool Resurface and Mechanical Improvements - Effluent Export Line - Phase II	10/5/2021
A.28	Analytical	Responses to analytical questions on A.28 tabs	10/5/2021
A.29	TOT	TOT additional requests sent Via email	10/4/2021
A.30	Internal Controls	Third party ski revenues, request from Anne in person	10/5/2021
A.31	Fund Balance	Reconciliation of recreation expenses and fund balance for PY	10/5/2021
A.32	Pension Plan	Plan information and actuarial report or funded letter as discussed with Jeff	10/5/2021
A.33	Deferred Inflows	Detail of account 100-00-000-2805 that totals to \$243,512.	10/7/2021
A.34	Accrued Expenses	Payroll register for last period in June 2021	10/7/2021
A.35	Accrued Expenses	Payroll register for first period in July 2021	10/7/2021
A.36	Budget	Please provide the budget to be including in the ACFR	10/7/2021
A.37	Journal Entries	Please provide listing of all non-payroll non-recurring journal entries for the fiscal year	10/7/2021
A.38	TOT Testing	Bank statements for operating account for FY21, request from Marty in person	10/7/2021
A.39	Long-Term Liabilities	Responses to bond questions. Sent via email from Anahiz	10/7/2021
A.40	Grant Revenue	Please provide a Schedule of Federal Expenditures	10/7/2021
A.41	Board Resolution	Board resolution regarding Utility Fund fees that include a charge that was collected specifically for the affluent pipeline project. Resolution regarding the Board setting aside \$11.5m last year + investment earnings for the project.	10/7/2021
A.42	Board Resolution	Board resolution regarding recreation fees charged to residents and the Board identified how much of the fees can be spent on operations and capital.	10/7/2021

### ADDITIONAL REQUESTS

<b>Item</b>	<b>Category</b>	<b>Description</b>	<b>Date Requested</b>
<b>A.43</b>	Lease Commitments	Most recent AT&T lease agreement	10/7/2021
<b>A.44</b>	Lease Commitments	Most recent American Tower lease agreement	10/7/2021
<b>A.45</b>	Other Assets	Provide invoice support for 3 samples of inventory selections on tab A.45.	10/12/2021
<b>A.46</b>	Other Assets	Provide evidence of payment support for invoice on tab A.46.	10/12/2021
<b>A.47</b>	Capital Assets	Removal of assets AJE if determined to make, per email from Shelby 10/12	10/12/2021
<b>A.48</b>	Deferred Inflows	Account #100-00-000-2805 please provide explanation of what this account is	10/12/2021
<b>A.49</b>	Fiduciary Activities	Tahoe Water Supply and Veterans Community Organization what is the source of contributions? Does IVGID have access to their bank account.	10/12/2021
<b>A.50</b>	Pipeline	Invoice/payment support for items on tab A.50 as requested via email from Jeff	10/12/2021
<b>A.51</b>	General	Contact information (email and phone #) for Public Works Director	10/12/2021



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 28,657,443	\$ 15,828,516	\$ 44,485,959
Receivables:			
Accounts receivable, net	78,020	1,356,069	1,434,089
Interest on investments	16,415	3,790	20,205
Taxes and Fees from Washoe County	31,768	-	31,768
Grants Receivable	373,912	12,881	386,793
Due from other governments	505,377	-	505,377
Inventories	495,353	161,068	656,421
Prepaid items	779,979	-	779,979
Restricted assets:			
Restricted Deposits	386,239	324,306	710,545
Capital assets:			
Land	17,290,327	6,715,544	24,005,871
Construction in progress	1,939,563	1,035,834	2,975,397
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	39,627,566	59,009,908	98,637,474
Total assets	<u>90,181,962</u>	<u>84,447,916</u>	<u>174,629,878</u>
<b>LIABILITIES</b>			
Accounts payable	2,738,837	288,273	3,027,110
Accrued personnel costs	1,397,480	333,705	1,731,185
Accrued interest payable	8,465	46,566	55,031
Due to other governments	15,126	-	15,126
Unearned revenue	2,201,990	171,921	2,373,911
Noncurrent liabilities:			
Due within one year	378,000	573,891	951,891
Due in more than one year	389,044	2,972,340	3,361,384
Total liabilities	<u>7,128,942</u>	<u>4,386,696</u>	<u>11,515,638</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow	<u>243,512</u>	<u>-</u>	<u>243,512</u>
<b>NET POSITION</b>			
Net investment in capital assets	58,090,412	63,215,055	121,305,467
Restricted	1,745,975	324,306	2,070,281
Unrestricted	22,973,121	16,521,859	39,494,980
Total net position	<u>\$ 82,809,508</u>	<u>\$ 80,061,220</u>	<u>\$ 162,870,728</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, 2021**

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		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,888,510	\$ 162	\$ 1,440	\$ -	\$ (2,886,908)	\$ -	\$ (2,886,908)
Community Services	18,992,785	16,221,278	17,000	88,505	(2,666,002)	-	(2,666,002)
Beach	2,152,079	839,405	-	-	(1,312,674)	-	(1,312,674)
Total governmental-type activities	<u>24,033,374</u>	<u>17,060,845</u>	<u>18,440</u>	<u>88,505</u>	<u>(6,865,584)</u>	<u>-</u>	<u>(6,865,584)</u>
Business-type activities:							
Utilities	11,387,762	12,831,060	39,857	-	-	1,483,155	1,483,155
Total primary government	<u>\$ 35,421,136</u>	<u>\$ 29,891,905</u>	<u>\$ 58,297</u>	<u>\$ 88,505</u>	<u>(6,865,584)</u>	<u>1,483,155</u>	<u>(5,382,429)</u>
General revenues:							
Property taxes					1,812,958	-	1,812,958
Combined taxes					1,888,448	-	1,888,448
Facility Fees (Assessed)					6,569,409	-	6,569,409
Unrestricted investment earnings					73,594	33,681	107,275
Gain (loss) on sale of capital assets					(63,085)	(153,379)	(216,464)
Insurance Proceeds					-	-	-
Miscellaneous revenues					127,897	-	127,897
Transfers In (Out)					-	-	-
Total general revenues and transfers					<u>10,409,221</u>	<u>(119,698)</u>	<u>10,289,523</u>
Changes in net position					<u>3,543,637</u>	<u>1,363,457</u>	<u>4,907,094</u>
Net position - beginning, as previously reported					79,265,871	78,697,763	157,963,634
Prior Period Adjustment					-	-	-
Net positions, beginning, as adjusted					<u>79,265,871</u>	<u>78,697,763</u>	<u>157,963,634</u>
Net position - ending					<u>\$ 82,809,508</u>	<u>\$ 80,061,220</u>	<u>\$ 162,870,728</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, 2021**

	<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>
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 5,925,821	\$ 17,598,960	\$ 2,371,554	\$ -	\$ 2,732,635	\$ 29,576	\$ 1,450	\$ 28,659,996
Accounts receivable, net	-	64,964	13,056	-	-	-	-	78,020
Interest receivable on investments	10,890	5,525	-	-	-	-	-	16,415
Taxes and Fees from Washoe County	-	27,154	4,614	-	-	-	-	31,768
Grants receivable	-	373,912	-	-	-	-	-	373,912
Due from other governments	358,784	62,868	83,725	-	-	-	-	505,377
Inventories	-	419,557	-	-	-	-	-	419,557
Prepaid items	582,459	197,520	-	-	-	-	-	779,979
Restricted deposits	243,512	141,727	1,000	-	-	-	-	386,239
Total assets	<u>\$ 7,121,466</u>	<u>\$ 18,892,187</u>	<u>\$ 2,473,949</u>	<u>\$ -</u>	<u>\$ 2,732,635</u>	<u>\$ 29,576</u>	<u>\$ 1,450</u>	<u>\$ 31,251,263</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 1,522,390	\$ 280,727	\$ 12,673	\$ 105,443	\$ 781,824	\$ -	\$ -	\$ 2,703,057
Accrued personnel costs	1,228,211	99,235	8,000	-	-	-	-	1,335,446
Due to other governments	-	-	15,126	-	-	-	-	15,126
Unearned revenue	41	2,148,638	53,311	-	-	-	-	2,201,990
Total liabilities	<u>2,750,642</u>	<u>2,528,600</u>	<u>89,110</u>	<u>105,443</u>	<u>781,824</u>	<u>-</u>	<u>-</u>	<u>6,255,619</u>
<b>Deferred Inflow of Resources</b>								
Deferred Inflow	243,512	369,662	-	-	-	-	-	613,174
<b>Fund balance</b>								
Non-spendable	582,459	617,077	-	-	-	-	-	1,199,536
Restricted	1,603,248	141,727	1,000	-	-	-	-	1,745,975
Committed	-	15,235,121	2,383,839	(105,443)	1,950,811	29,576	1,450	19,495,354
Unassigned	1,941,605	-	-	-	-	-	-	1,941,605
Total fund balance	<u>4,127,312</u>	<u>15,993,925</u>	<u>2,384,839</u>	<u>(105,443)</u>	<u>1,950,811</u>	<u>29,576</u>	<u>1,450</u>	<u>24,382,470</u>
Total liabilities and fund balance	<u>\$ 7,121,466</u>	<u>\$ 18,892,187</u>	<u>\$ 2,473,949</u>	<u>\$ -</u>	<u>\$ 2,732,635</u>	<u>\$ 29,576</u>	<u>\$ 1,450</u>	<u>\$ 31,251,263</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, 2021**

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	\$ 24,382,470
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	58,805,670
Accrued interest, not to be liquidated from currently available resources	(8,465)
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	(769,000)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	1,956
Total Net Position of Internal Services Fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>27,215</u>
Net Position of Governmental Activities	<u>\$ 82,809,508</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, 2021**

	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
<b>REVENUES</b>								
Ad valorem taxes	\$ 1,760,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,760,049
Personal Property Tax	52,909	-	-	-	-	-	-	52,909
Intergovernmental:								
Consolidated taxes	1,629,192	-	-	-	-	-	-	1,629,192
Local Government Tax Act Services	259,256	-	-	-	-	-	-	259,256
	1,440	36,997	-	-	-	-	-	38,437
Charges for Services	-	16,092,512	839,405	-	-	-	-	16,931,917
Facility Fees	-	1,762,766	653,588	536,571	3,196,016	412,748	7,720	6,569,409
Interfund Services	-	91,769	-	-	-	-	-	91,769
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	-	-	88,505	-	-	-	88,505
Investment income	68,488	4,471	635	-	-	-	-	73,594
Miscellaneous	8,362	119,697	-	-	-	-	-	128,059
Total revenues	<u>3,779,696</u>	<u>18,125,212</u>	<u>1,493,628</u>	<u>625,076</u>	<u>3,196,016</u>	<u>412,748</u>	<u>7,720</u>	<u>27,640,096</u>
<b>EXPENDITURES</b>								
<b>GENERAL GOVERNMENT</b>								
Manager	397,556	-	-	-	-	-	-	397,556
Trustees	143,722	-	-	-	-	-	-	143,722
Accounting	324,601	-	-	-	-	-	-	324,601
Information Services	940,924	-	-	-	-	-	-	940,924
Human Resources	2,999	-	-	-	-	-	-	2,999
Health & Wellness	16,218	-	-	-	-	-	-	16,218
Community & Employee Relations	165,651	-	-	-	-	-	-	165,651
Administration	565,250	-	-	-	-	-	-	565,250
Capital Outlay	365,878	-	-	-	-	-	-	365,878
<b>RECREATION</b>								
Championship Golf	-	3,342,506	-	112,217	-	-	-	3,454,723
Mountain Golf	-	1,014,000	-	11,330	-	-	-	1,025,330
Facilities	-	1,005,717	-	60,107	-	-	-	1,065,824
Ski	-	6,603,786	-	324,141	-	-	-	6,927,927
Community Programming and Recreation Center	-	1,938,411	-	87,206	-	-	-	2,025,617
Parks	-	758,179	-	66,349	-	-	-	824,528
Tennis	-	249,060	-	73,392	-	-	-	322,452
Recreation Administration	-	377,556	-	7,000	-	-	-	384,556
Beach	-	-	1,700,421	-	234,767	-	-	1,935,188
Capital Outlay								
Championship Golf	-	-	-	785,415	-	-	-	785,415
Mountain Golf	-	-	-	79,296	-	-	-	79,296
Facilities	-	-	-	(36,345)	-	-	-	(36,345)
Ski	-	-	-	115,469	-	-	-	115,469
Community Programming and Recreation Center	-	-	-	252,906	-	-	-	252,906
Parks	-	-	-	170,123	-	-	-	170,123
Tennis	-	-	-	798,647	-	-	-	798,647
Recreation Administration	-	-	-	-	-	-	-	-
Beach	-	-	-	-	1,010,438	-	-	1,010,438
Debt Service								
Principal	-	-	-	-	-	362,075	5,925	368,000
Interest	-	-	-	-	-	21,097	345	21,442
Total expenditures	<u>2,922,799</u>	<u>15,289,215</u>	<u>1,700,421</u>	<u>2,907,253</u>	<u>1,245,205</u>	<u>383,172</u>	<u>6,270</u>	<u>24,454,335</u>
Excess revenues (expenditures)	856,897	2,835,997	(206,793)	(2,282,177)	1,950,811	29,576	1,450	3,185,761
<b>OTHER FINANCING SOURCES:</b>								
Proceeds from Sale of Capital and Intangible Assets	-	-	-	1,500	-	-	-	1,500
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(537,835)	-	537,835	-	-	-	-
Transfers In (Out) - Facility Fees for Debt Service	-	-	-	-	-	-	-	-
Transfers In (Out) - From (for) Other Sources	-	-	-	-	-	-	-	-
Net change in fund balance	<u>856,897</u>	<u>2,298,162</u>	<u>(206,793)</u>	<u>(1,742,842)</u>	<u>1,950,811</u>	<u>29,576</u>	<u>1,450</u>	<u>3,187,261</u>
Fund Balance, July 1, as reported	4,630,151	15,280,913	2,591,632	1,637,399	-	-	-	24,140,095
Prior period adjustment	(1,359,736)	(1,637,400)	-	-	-	-	-	(2,997,136)
Fund balance, July 1 as adjusted	<u>3,270,415</u>	<u>13,643,513</u>	<u>2,591,632</u>	<u>1,637,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,142,959</u>
Fund balance, June 30	<u>\$ 4,127,312</u>	<u>\$ 15,941,675</u>	<u>\$ 2,384,839</u>	<u>\$ (105,443)</u>	<u>\$ 1,950,811</u>	<u>\$ 29,576</u>	<u>\$ 1,450</u>	<u>\$ 24,330,220</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 YEAR ENDED JUNE 30, 2021**

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	\$ 3,187,261
Capital Assets acquired during the year and capitalized	3,541,827.00
Depreciation expense for the fiscal year	(3,352,609.00)
Gain (Loss) on assets sold	(64,585)
Principal paid on long-term liabilities, including bonds payable	368,000
Interest accrued versus paid	2,771
Amortize Bond Discount for fiscal year	(3,357)
Total Change in Net Position of Internal Services Fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>(135,671)</u>
Change in Net Position of Governmental Activities	<u>\$ 3,543,637</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, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,770,000	\$ 1,770,000	\$ 1,760,049	\$ (9,951)
Personal Property Tax	12,000	12,000	52,909	40,909
Intergovernmental:				
Consolidated Tax	1,407,000	1,407,000	1,629,192	222,192
Local Government Tax Act	249,000	249,000	259,256	10,256
Investment earnings	131,400	131,400	68,488	(62,912)
Miscellaneous	2,400	2,400	9,802	7,402
Total revenues	<u>3,571,800</u>	<u>3,571,800</u>	<u>3,779,696</u>	<u>207,896</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
Manager	437,805	437,805	397,556	40,249
Trustees	216,018	216,018	143,722	72,296
Accounting	1,013,025	1,013,024	860,946	152,078
Information Services	1,016,687	1,016,687	940,924	75,763
Human Resources	985,733	985,735	802,402	183,333
Health and Wellness	42,646	42,646	16,218	26,428
Communications	278,189	278,189	165,651	112,538
Administration	529,996	529,996	565,250	(35,254)
Central Services Cost Allocation Income	(1,471,440)	-	(1,335,748)	1,335,748
Capital Outlay	650,150	650,150	365,878	284,272
Total expenditures	<u>3,698,809</u>	<u>5,170,250</u>	<u>2,922,799</u>	<u>2,247,451</u>
Excess (deficiency) of revenues over expenditures	<u>(127,009)</u>	<u>(1,598,450)</u>	<u>856,897</u>	<u>2,455,347</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingency	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(127,009)	(1,598,450)	856,897	2,455,347
Fund Balance, July 1, as previously reported	3,935,986	3,935,986	4,630,151	694,165
Prior Year Adjustment	-	-	(1,359,736)	(1,359,736)
Fund Balance, July 1, as adjusted	<u>3,935,986</u>	<u>3,935,986</u>	<u>3,270,415</u>	<u>(665,571)</u>
Fund balance, June 30	<u>\$ 3,808,977</u>	<u>\$ 2,337,536</u>	<u>\$ 4,127,312</u>	<u>\$ 1,789,776</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, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Championship Golf	\$ 3,391,290	\$ 3,391,291	\$ 3,214,950	\$ (176,341)
Mountain Golf	818,834	818,834	809,745	(9,089)
Facilities	1,440,299	1,440,299	790,683	(649,616)
Ski	10,148,735	10,148,734	10,206,918	58,184
Community Programming and Recreation Center	1,007,900	1,007,900	1,014,837	6,937
Parks	38,700	26,600	22,350	(4,250)
Tennis	100,400	100,400	156,631	56,231
Recreation Administration	(317,830)	(317,830)	(123,602)	194,228
Subtotal Charges for Services	16,628,328	16,616,228	16,092,512	(523,716)
Facility Fees	1,763,645	1,763,645	1,762,766	(879)
Intergovernmental Services	21,700	21,700	36,997	15,297
Interfund Services	98,849	98,849	91,769	(7,080)
Operating Grants	17,000	17,000	17,000	-
Capital Grants	-	-	-	-
Investment income	52,500	52,500	4,471	(48,029)
Miscellaneous - other	118,130	130,230	119,697	(10,533)
Total revenues	18,700,152	18,700,152	18,125,212	(574,940)
<b>EXPENDITURES</b>				
<b>COMMUNITY SERVICES OPERATIONS:</b>				
Championship Golf	3,717,479	3,717,478	3,342,506	374,972
Mountain Golf	1,141,209	1,141,209	1,014,000	127,209
Facilities	1,504,583	1,504,583	1,005,717	498,866
Ski	8,075,343	8,075,342	6,603,786	1,471,556
Community Programming and Recreation Center	2,212,155	2,212,155	1,938,411	273,744
Parks	856,535	856,535	758,179	98,356
Tennis	226,781	226,781	249,060	(22,279)
Recreation Administration	415,786	415,786	377,556	38,230
<b>COMM. SERVICES CAPITAL OUTLAY</b>				
Championship Golf	-	-	-	-
Mountain Golf	-	-	-	-
Facilities	-	-	-	-
Ski	-	-	-	-
Community Programming and Recreation Center	-	-	-	-
Parks	-	-	-	-
Tennis	-	-	-	-
Recreation Administration	-	-	-	-
<b>COMM. SERVICES DEBT SERVICE</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	18,149,871	18,149,869	15,289,215	2,860,654
Excess (deficiency) of revenues over expenditures	550,281	550,283	2,835,997	2,285,714
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	-	-	-	-
Insurance Proceeds	-	-	-	-
Transfers In	-	-	(537,835)	(537,835)
Transfers (Out) - Capital Projects	(5,594,546)	-	-	-
Transfers (Out) - Debt Service	-	-	-	-
Total other financing sources (uses)	(5,594,546)	-	(537,835)	(537,835)
Net change in fund balance	(5,044,265)	550,283	2,298,162	1,747,879
Fund Balance, July 1, as reported	12,360,444	12,360,444	15,280,913	2,920,469
Prior period adjustment	-	-	(1,637,400)	(1,637,400)
Fund balance, July 1 as adjusted	12,360,444	12,360,444	13,643,513	1,283,069
Fund balance, June 30	7,316,179	12,910,727	15,941,675	4,668,348

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, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Beach	\$ 831,955	\$ 831,955	\$ 839,405	\$ 7,450
Facility Fees	658,580	658,580	653,588	(4,992)
Investment earnings	11,250	11,250	635	(10,615)
Miscellaneous	-	-	-	-
Total revenues	<u>1,501,785</u>	<u>1,501,785</u>	<u>1,493,628</u>	<u>(8,157)</u>
<b>EXPENDITURES</b>				
<b>BEACH RECREATION:</b>				
Beach - Operations	1,906,299	1,906,299	1,700,421	205,878
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,906,299</u>	<u>1,906,299</u>	<u>1,700,421</u>	<u>205,878</u>
Excess (deficiency) of revenues over expenditures	<u>(404,514)</u>	<u>(404,514)</u>	<u>(206,793)</u>	<u>197,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers (Out) - Capital Projects	-	-	-	-
Transfers (Out) - Debt Service	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(404,514)	(404,514)	(206,793)	197,721
Fund Balance, July 1	<u>2,159,262</u>	<u>1,749,171</u>	<u>2,591,632</u>	<u>842,461</u>
Fund balance, June 30	<u>\$ 1,754,748</u>	<u>\$ 1,344,657</u>	<u>\$ 2,384,839</u>	<u>\$ 1,040,182</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, 2021**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 14,320,611	\$ (2,553)
Short term investments	1,507,905	-
Accounts receivable	1,356,069	-
Interest receivable	3,790	-
Grants receivable	12,881	-
Inventories	161,068	75,796
Prepaid expenses	-	-
Total current assets	17,362,324	73,243
Noncurrent assets:		
Investments - long-term	-	-
Contractual deposits	100	-
Restricted deposit for debt service reserve	230,224	-
Restricted for TRPA Deposits	93,982	-
	324,306	-
Capital Assets		
Land	6,715,544	-
Construction in progress	1,035,834	-
Buildings and structures	16,012,482	-
Improvements and Infrastructure	116,830,031	-
Equipment and vehicles	3,817,458	253,870
Total capital assets	144,411,349	253,870
Less: accumulated depreciation	(77,650,063)	(202,084)
Total capital assets (net)	66,761,286	51,786
Total noncurrent assets	67,085,592	51,786
Total assets	84,447,916	125,029
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	288,273	35,780
Accrued personnel costs	333,705	62,034
Accrued interest payable	46,566	-
Unearned revenue	171,921	-
Refundable deposits	-	-
Current maturities of long-term debt	573,891	-
Total current liabilities	1,414,356	97,814
Non-current liabilities:		
Non-current long term debt	2,972,340	-
Total non-current liabilities	2,972,340	-
Total liabilities	4,386,696	97,814
<b>NET POSITION</b>		
Net investment in capital assets	63,215,055	51,786
Restricted	324,306	-
Restricted for Capital Projects	-	-
Unrestricted	16,521,859	(24,571)
Total net position	\$ 80,061,220	\$ 27,215

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, 2021**

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	<b>Business - type Activities Enterprise Utility Fund</b>	<b>Governmental Activities Internal Services Fund</b>
<b>OPERATING REVENUES</b>		
Sales and fees	\$ 12,870,917	\$ -
Interfund services	-	2,417,504
Total operating revenues	12,870,917	2,417,504
<b>OPERATING EXPENSES</b>		
Wages and benefits	4,201,417	1,789,054
Cost of goods sold	7,125	-
Services and supplies	2,030,189	726,776
Defensible Space	100,000	-
Central Services Cost	356,440	-
Insurance	197,331	14,809
Utilities	815,167	9,975
Professional fees	227,259	-
Depreciation	3,355,920	12,561
Total operating expenses	11,290,848	2,553,175
Operating income	1,580,069	(135,671)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	33,681	-
Loss on sales of assets	(153,379)	-
Interest on bond debt	(96,914)	-
Total nonoperating revenues (expenses)	(216,612)	-
Income before transfers and contributions	1,363,457	(135,671)
Transfer In (Out)	-	-
Change in net position	1,363,457	(135,671)
Total net position, July 1	78,697,763	162,886
Total net position, June 30	\$ 80,061,220	\$ 27,215

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, 2021**

	<u>Business - type Activities Enterprise Utility Fund</u>	<u>Governmental Activities Internal Services Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 12,786,845	\$ -
Receipts from interfund services provided	-	2,417,504
Payments to suppliers	(3,810,010)	(746,238)
Payments to employees	(4,311,872)	(1,799,373)
Payments for interfund services used	-	-
Net cash provided (used) by operating activities	4,664,963	(128,107)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer (to) from other funds	-	-
Net cash provided (used) by non-capital financing activities	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(2,829,903)	-
Proceeds from sale of assets	(153,379)	-
Payments on capital debt	(540,118)	-
Capital contributions	-	-
Interest expense	(104,428)	-
Net cash provided (used) by capital and related financing activities	(3,627,828)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments purchased	-	-
Long-term investments matured	3,820,858	-
Investment earnings	47,451	-
Net cash provided (used) by investing activities	3,868,309	-
Net change in cash and cash equivalents	4,905,444	(128,107)
Cash and cash equivalents, July 1	9,415,167	125,554
Cash, cash equivalents and investments, June 30	\$ 14,320,611	\$ (2,553)

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,580,069	\$ (135,671)
Non-cash adjustments -		
Depreciation	3,355,920	12,561
Increase (decrease) in cash from changes in:		
Accounts receivable	(88,067)	-
Operating Grant Receivable	-	-
Due from other Governments	-	-
Inventory	(9,741)	(5,877)
Prepaid expenses	-	-
Accounts payable	(66,758)	11,199
Accrued personnel costs	(110,455)	(10,319)
Unearned revenue	3,995	-
Total adjustments	3,084,894	7,564
Net cash provided (used) by operating activities	\$ 4,664,963	\$ (128,107)

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021**

**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, 2020, 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 27, 2020, at a public hearing, the Board adopted a final budget. On or before June 1, 2020 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. For fiscal year 2020-21, the Board of Trustees approved budget augmentations totaling \$1,313,677. All budget augmentations amended the adopted capital improvement budget with the majority of the augmentations (\$1,258,289) being related to the Burnt Cedar Pool Reconstruction Project.
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, 2021:

U. S. Agencies securities are valued at quoted market prices (Level 1 inputs)

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 \$22,899. 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, 2021 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 net position was not achieved for the fiscal year ending June 30, 2021).

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 assets restricted by a third party reduced by associated liabilities. 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. Punch Cards Utilized**

Under District Ordinance 7, parcel owners may obtain up to five Picture Passes and/or Punch Cards, with the latter "valued" at 1/5<sup>th</sup> of the annual Facility Fee assessed on each parcel. As a non-exchange transaction, the revenue collected from the annual Facility Fees are reflected as a General Revenue in the Statement of Activities. Punch Cards can be used 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. No contra-revenues are recorded for transactions involving 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 \$9,120,155 while the bank balance was \$9,897,222. 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, 2021 consist of:

Operating Checking Accounts	\$9,120,155
Petty cash and change funds	42,803
Nevada Local Government Investment Pool (average weighted maturity of 130 days)	
General LGIP Account	10,915,130
Utility LGIP Account	4,806,933
US Government Money Market	<u>14,562,109</u>
Total Cash and Cash Equivalents	<u>\$39,447,130</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.

Investment Maturities by Investment Type as of June 30, 2021

	2022	2023	2024	Total
Certificates of Deposit	\$ 5,038,829	\$ -	\$ -	\$ 5,038,829
LGIP as Cash Equivalent	15,722,062	-	-	15,722,062
LGIP - Restricted Deposits	460,858	-	-	460,858
All Investment Types				<u>\$ 21,221,749</u>

Fair Value Measurements as of June 30, 2021

	Level 1	Total
Certificates of Deposit	\$ 5,038,829	\$ 5,038,829
Interest Bearing Amounts - Investments		5,038,829
LGIP at Net Asset Value (Cash Equivalent)		15,722,062
LGIP Restricted Deposits at Net Asset Value		460,858
Total Fair Value Measurements		<u>\$ 21,221,749</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 \$243,512.

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 \$230,224. 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 \$230,634:

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	243,512
LGIP Restricted Deposits (SRF & TRPA)	<u>460,859</u>
Total Restricted Deposits	<u>\$ 710,546</u>



## 5. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2021:

	Balance	Adjustment	Adjusted Balance			Balance
	July 1, 2020		July 1, 2020	Increases	Decreases	June 30, 2021
<b>Governmental Activities:</b>						
Capital assets, not being depreciated						
Land - General Government	2,669,904		\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Land - Community Services	12,315,573		12,315,573	-	-	12,315,573
Land - Beach	2,304,850		2,304,850	-	-	2,304,850
Subtotal Land	17,290,327		17,290,327	-	-	17,290,327
Construction in Progress - General Government	-		-	292,949	-	292,949
Construction in Progress - Community Services	2,601,150		2,601,150	1,640,927	(3,979,329)	262,748
Construction in Progress - Beach	373,426		373,426	1,010,438	-	1,383,864
Subtotal Construction in Progress	2,974,576		2,974,576	2,944,314	(3,979,329)	1,939,561
Total capital assets, not being depreciated	20,264,903		20,264,903	2,944,314	(3,979,329)	19,229,888
Capital assets, being depreciated						
Buildings and Structures - General Government	919,213	(2)	919,211	-	(90,960)	828,251
Buildings and Structures - Community Services	32,018,829	24,890	32,043,719	2,014,869	(462,388)	33,596,200
Buildings and Structures - Beach	2,683,716		2,683,716	-	(35,157)	2,648,559
Venue Improvements - Community Services	34,525,442	(24,895)	34,500,547	2,011,246	(957,701)	35,554,092
Venue Improvements - Beach	2,252,748	(2)	2,252,746	-	(205,248)	2,047,498
Equipment and Vehicles - General Government	1,914,479	(2)	1,914,477	72,929	(194,386)	1,793,020
Equipment and Vehicles - Community Services	12,351,359	(3)	12,351,356	477,797	(468,096)	12,361,057
Equipment and Vehicles - Beach	610,458	(2)	610,456	-	(57,721)	552,735
Equipment and Vehicles - Internal Services	253,869		253,869	-	-	253,869
Total capital assets, being depreciated	87,530,113	(16)	87,530,097	4,576,841	(2,471,657)	89,635,281
Less accumulated depreciation for:						
Buildings and Structures - General Government	(821,371)		(821,371)	(19,597)	90,960	(750,008)
Buildings and Structures - Community Services	(15,178,336)		(15,178,336)	(937,199)	412,384	(15,703,151)
Buildings and Structures - Beach	(1,678,556)		(1,678,556)	(86,004)	28,363	(1,736,197)
Venue Improvements - Community Services	(20,548,803)		(20,548,803)	(935,509)	945,485	(20,538,827)
Venue Improvements - Beach	(1,544,241)		(1,544,241)	(85,077)	190,742	(1,438,576)
Equipment and Vehicles - General Government	(1,502,329)		(1,502,329)	(176,321)	194,386	(1,484,264)
Equipment and Vehicles - Community Services	(7,189,439)	(1)	(7,189,440)	(1,067,448)	449,547	(7,807,341)
Equipment and Vehicles - Beach	(344,772)		(344,772)	(45,452)	42,957	(347,267)
Equipment and Vehicles - Internal Services	(189,522)		(189,522)	(12,561)	-	(202,083)
Total accumulated depreciation	(48,997,369)	(1)	(48,997,370)	(3,365,168)	2,354,824	(50,007,714)
Total capital assets being depreciated, net	38,532,744	(17)	38,532,727	1,211,673	(116,833)	39,627,567
<b>Governmental Activities Capital Assets, net</b>	<b>58,797,647</b>	<b>(17)</b>	<b>\$ 58,797,630</b>	<b>\$ 4,155,987</b>	<b>\$ (4,096,162)</b>	<b>\$ 58,857,455</b>

**Business-Type Activities**

Utility Capital assets not being depreciated						
Land	6,715,544		\$ 6,715,544	\$ -	\$ -	6,715,544
Construction in Progress	1,607,772		1,607,772	2,660,334	(3,232,272)	1,035,834
Total utility capital assets, not being depreciated	8,323,316		8,323,316	2,660,334	(3,232,272)	7,751,378
Utility Capital assets, being depreciated						
Buildings and structures	15,596,832		15,596,832	634,779	(219,129)	16,012,482
Service infrastructure	114,599,557		114,599,557	2,736,487	(506,013)	116,830,031
Equipment and vehicles	3,882,229	2	3,882,231	253,791	(318,564)	3,817,458
Total utility capital assets at historical cost	134,078,618	2	134,078,620	3,625,057	(1,043,706)	136,659,971
Less accumulated depreciation for:						
Buildings and structures	(8,680,480)	599,761	(8,080,719)	(377,985)	120,100	(8,338,604)
Service infrastructure	(62,637,406)	(1,743,599)	(64,381,005)	(2,744,786)	390,478	(66,735,313)
Equipment and vehicles	(3,920,422)	1,267,514	(2,652,908)	(233,149)	309,912	(2,576,145)
Total accumulated depreciation	(75,238,308)	123,676	(75,114,632)	(3,355,920)	820,490	(77,650,062)
Total utility capital assets being depreciated, net	58,840,310	123,678	58,963,988	269,137	(223,216)	59,009,909
<b>Business-Type Activities Capital Assets, net</b>	<b>67,163,626</b>	<b>123,678</b>	<b>\$ 67,287,304</b>	<b>\$ 2,929,471</b>	<b>\$ (3,455,488)</b>	<b>\$ 66,761,287</b>

The District has a number of Construction in Progress projects open as of June 30, 2021. Beach includes \$1,376,704 for the Burnt Cedar Swimming Pool Remodel. The Utility Fund includes \$844,529 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, 2021 was charged to functions as follows:

Governmental Activities:	
General Government	\$ 195,918
Recreation	2,940,157
Beach	216,534
Internal Services	12,561
Total Depreciation Expense	<u>\$ 3,365,170</u>
Business-Type Activities:	
Utility Fund Water and Sewer	<u>\$ 3,355,920</u>

## 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<sup>th</sup> was paid July 9<sup>th</sup>. The employee benefits earned through June 30<sup>th</sup> 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 54 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, 2021:

Current Payroll Liabilities:	Governmental	Business-Type	Total
Accrued Payroll	\$ 609,398	\$ -	\$ 609,398
Taxes Withheld	156,036	-	156,036
Accrued Benefits	(163,148)	-	(163,148)
Deferred Comp	43,856	-	43,856
Retirement Plan	56,345	-	56,345
Health Reimbursement Accounts	128,430	-	128,430
Sick Leave Retirement Benefits	141,486	149,939	291,425
Workers Comp Unpaid Assessments	(2,971)	-	(2,971)
Accrued Vacation	428,048	183,766	611,814
Total Government-Wide	\$ 1,397,480	\$ 333,705	\$ 1,731,185

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:

Select Benefit Liabilities	Balance June 30, 2020	Provisions Additions	Payments	Balance June 30, 2021
Health Reimbursement Accts.	\$ 131,727	\$ 46,148	\$ 49,445	\$ 128,430
Sick Leave Retirement Benefit	29,967	43,124	43,954	29,136
Accrued Vacation	602,313	846,239	830,015	618,537

**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:

	General	Community Services Special Rev.	Beach Special Rev.	Utility	Total
Billed in advance	\$ 41	\$ 940,732	\$ 53,311	\$171,921	\$1,166,005
Unexpired season passes	-	1,109,016	-	-	1,109,016
Internal Gift Cards	-	72,866	-	-	72,866
Total	\$ 41	\$2,122,614	\$ -	\$171,921	\$2,294,576

## 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, 2021.

Transfers for Capital Projects and Debt Service represent revenues from the fund that by statute 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, 2021 are as follows:

Fund Transfer Out:	Fund Transfer In:								Total Out
	General Fund	Community Services Special Revenue	Community Services Capital Projects	Community Services Debt Services	Beach Special Revenue	Beach Capital Projects	Beach Debt Services	Utility Fund	
Internal Services Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-	-	-	-	-	\$ -
Community Services Special Revenue	-	-	537,835	-	-	-	-	-	\$ 537,835
Beach Special Revenue	-	-	-	-	-	-	-	-	\$ -
	\$ -	\$ -	\$ 537,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,835

## 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, 2021:

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Current Portion
<b>Governmental Activities:</b>						
General Obligation Revenue Bonds Recreation Recreation Facilities and Recreation Refunding 2012						
	07/18/12	09/01/22	2.25%	3,475,000	\$ 769,000	\$378,000
<b>Total Recreation Revenue Supported Debt</b>					<b>\$ 769,000</b>	<b>\$378,000</b>
<b>Business Type Activities Direct Borrowings and Direct Placements:</b>						
<b>Utility</b>						
State of Nevada:						
Sewer C32-0204	10/28/02	01/01/23	3.14%	\$1,720,380	\$ 247,360	\$121,751
Water IVGID-1	09/09/04	07/01/25	3.08%	1,687,282	474,139	99,798
Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	963,978	202,553
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	1,860,756	149,789
<b>Total Utility Revenue Supported Debt</b>					<b>\$3,546,233</b>	<b>\$573,891</b>
<b>Total Debt – All Activities</b>					<b>\$4,315,233</b>	<b>\$951,891</b>

**Long-Term Debt changes for the year:**

	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Principal Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>By Activity Type:</b>					
<b>Governmental:</b>					
2012 Recreation	\$1,137,000	\$ -	\$368,000	\$769,000	\$378,000
<b>Business Type Direct Borrowings and Direct Placements:</b>					
Sewer C32-0204	365,370	-	118,012	247,360	121,751
Water IVGID-1	570,931	-	96,792	474,139	99,798
Sewer CS32-0404	1,141,608	-	177,630	963,978	202,553
Water DW-1201	<u>2,007,029</u>	-	<u>146,273</u>	<u>1,860,756</u>	<u>149,789</u>
Business Type Total	<u>4,084,938</u>	-	<u>538,707</u>	<u>3,546,233</u>	<u>573,891</u>
<b>Total Debt</b>	<u>\$5,221,938</u>	<u>\$ -</u>	<u>\$906,707</u>	<u>\$4,315,233</u>	<u>\$951,891</u>
<b>By Bond Type:</b>					
General Obligation	\$4,285,637	\$ -	\$691,903	\$3,593,734	\$730,342
Revenue	936,301	-	214,804	721,499	221,549
<b>Total Debt</b>	<u>\$5,221,938</u>	<u>-</u>	<u>\$906,707</u>	<u>\$4,315,233</u>	<u>\$951,891</u>
Bond discounts	<u>(5,315)</u>	-	3,358	<u>(1,958)</u>	
Long-term Debt, net	<u>\$5,216,623</u>	<u>\$ -</u>	<u>\$903,349</u>	<u>\$4,313,275</u>	

**Future Debt Service Requirements as of June 30, 2021:**

Fiscal Year	Debt Supported by		Debt Supported by	
	<u>Utility Revenue</u>		<u>Recreation Revenue</u>	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	424,055	33,677	-	-
2027 to 2031	884,959	81,900	-	-
2032	<u>189,960</u>	<u>3,412</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,546,232</u>	<u>\$ 387,112</u>	<u>\$ 1,137,000</u>	<u>\$ 38,891</u>

At June 30, 2021, principal and interest to maturity to be paid from pledged future Utility Revenues totals \$3,933,344 and \$1,175,891 paid from future pledged Recreation Revenues.

## **10. DEFERRED INFLOW OF RESOURCES**

The District is holding a deposit of \$243,512 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 \$88,505 for the Incline Park Facility Renovation Project from the Incline-Tahoe Foundation.

## **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's 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>
2021	\$1,010,059	\$ 45,900	\$ 401,126	\$ 580,355

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, 2021 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. RESTRICTED FUNDS**

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, 2021 in the government-wide Statement of Net Position.

#### **15. COMMITTED 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 governmental accounting standards the fund balance for the Special Revenue funds are assigned for the purpose of recreation privileges utilizing the assessed facility fee. Furthermore, fund balances within the Community Services Capital Fund and Beach Capital Fund are further assigned 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.

#### **16. UNRESTRICTED FUNDS**

At its meeting of March 3, 2020, the Board of Trustees took action to "restrict" \$9,656,890 for the purpose of earmarking these funds for the Effluent Export Pipeline Project. On August 12, 2020, the Board designated an additional \$1,912,767 as "restricted" for this purpose. As of June 30, 2021, an additional \$1,889,210 in unexpended FY2020/21 appropriations are designated for this project. When combined with an additional \$754,568 in accrued interest earnings, the total funding intended to be "restricted" by the Board of Trustees for the Effluent Export Pipeline Project amounts to \$14,213,435. Funds designated for the Effluent Export 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. 34 for restricted net position within proprietary funds.

#### **17. LEASE OBLIGATIONS**

**Revenue:**



Miscellaneous revenue includes rent received for cell towers on District property. Under an agreement with American Tower, \$21,305 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 \$20,159 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 \$6,400 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 Vistlor 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 outstanding obligation under this agreement total \$58,269 paid in 23 remaining equal monthly installments. The lease started in February 2020, with the first payment against this obligation made in February 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, 2021 was calculated at \$57,237.

The Utility Fund paid \$452 during the year ended June 30, 2021 for a leased copier under an agreement expired December 2020.

**18. DUE TO OTHER GOVERNMENTS**

The District collects money for boat inspections performed by the Tahoe Regional Planning Agency. The balance owed at the end of the year was \$15,126.

**19. 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 (pending)
Community Services Fund:		
Championship Golf	\$ 3,214,950	\$ -
Mountain Golf	809,745	
Facilities	790,683	
Ski	10,206,918	
Community Programming	1,014,837	
Parks	22,350	
Tennis	156,631	
Recreation Administration	<u>(123,602)</u>	
Total	<u>\$16,092,512</u>	<u>\$ 196,844</u>
Beach Fund	<u>\$ 839,405</u>	<u>\$ 616,419</u>
District Total	<u>\$16,931,917</u>	<u>\$ 813,263</u>

**20. COMMITMENTS AFFECTING FUTURE PERIODS**

**General Fund:**

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$413,000 for calendar year 2021 services. As of June 30, 2021, \$206,500 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	\$ 66,947
Utility Fund	3,341,387
Community Services Fund	2,110,924
Beach Fund	453,019

**Budgeting for the Fiscal Year Ending June 30, 2022:**

The District’s budgeting for the fiscal year ending June 30, 2022 anticipates a reduction in Fund Balance and Net Position caused by completion of capital projects. The identified reductions include; General Fund by \$217,063 including implementation of a new Human Resources Management and Payroll System; Community Services reduction of \$3,757,491 (including \$550,000 for the Mountain Golf Course Path Replacement Project, \$800,000 for the Recreation Center Locker Room Improvement Project). The Beach Fund has a reduction of \$2,066,683 related to renovation of the Burnt Cedar Pool as well as Incline Beach Facility Improvements. The Utility Fund capital plan anticipates a draw-down in Net Position primarily due to advancing the Effluent Export Pipeline Project.

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

Contractor	Project	Contract Amount	Completed (6/30/21)	Remaining Amount
(pending)				

**21. 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. The timeframe for a decision is unknown.

**22. 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 \$41,360.

**23. PRIOR YEAR ADJUSTMENTS**

The District’s financial statements for the year ended June 30, 2021 reflect prior year adjustments related to a settlement between Washoe County and certain residents of Incline Village and Crystal Bay in relation to property assessments performed in prior years. This settlement was reached in fiscal year 2020 for \$1,359,736.