

MEMORANDUM

TO: Audit Committee

THROUGH: Ray Tolloch

FROM: Clifford F. Dobler

SUBJECT: Note 22 - Prior Period Adjustment - Annual Comprehensive Financial Report. as of June 30, 2021 (ACFR)

**STRATEGIC
PLAN REFERENCE(S):** None

DATE: 3-17-2022

I. RECOMMENDATION

That the Audit Committee make a recommendation to the Board of Trustees to retract the Prior Period Adjustment transferring \$1,637,400 from the Community Services Special Revenue Fund to the Capital Project Fund. In addition it is recommended that the required transfer of \$1,742,843 from the Community Services Special Revenue Fund to the Capital Project Fund be enacted and restated in the 2021 ACFR.. The proper transfer is required to fund the necessary resources necessary to pay for the actual expenditures incurred during fiscal year 2020-2021. In addition, disclosure of the transfer is required in Note 7 - Interfund Accounts and Transfers of the 2021 ACFR.

II. BACKGROUND and ANALYSIS

Annually the District Board of Trustees adopts a Facility Fee for Community Services which is allocated separately into operations (special revenue fund) capital projects and debt service. The total amount allocated to each fund was improperly recorded as revenues in the Special Revenue Fund and subsequent transfers were made to the Capital Project Fund and Debt Services. The transfers, however, exceeded that amount of facility fees allocated resulting in

additional transfers from the Special Revenue Fund. These excess transfers did not comply with requirements of GASB #54.

All expenditures from 2016 to 2021 were funded by resources from capital asset sales, grants and enough resources from the Special Revenue Fund. Exhibit A provides evidence that no additional resources were required from 2016 to 2021 to justify a prior period adjustment. It is unknown the rationale of the prior period adjustment of \$1,637,400.

However, in 2021, The Board of Trustees authorized only \$536,571 of Facility Fees for the Community Service Capital Project Fund which was far below the actual expenditures of \$2,907,254 recorded. Additional resources of \$90,005 from capital grants and sale of capital assets were obtained and for some unknown reason only \$537,835 was transferred from the Community Services Special Revenue Fund. As a result, the resources required to pay for the expenditures was short \$1,742,843. This shortage could only be obtained from the Community Services Special Revenue Fund or possibly the General Fund.

For some reason only \$537,835 was transferred from the Special Revenue Fund leaving another \$1,742,843 to be transferred.

The unsubstantiated prior period adjustment of \$1,637,400 was used to cover most of the 2021 expenditures but a remaining balance of \$105,443 was not covered. This shortage could possibly be considered non compliance with NRS 354.626 "Unlawful expenditures of money in excess of amounts appropriated". It is unclear why a transfer for the full amount of expenditures was not made since the budget for F/Y 2021 provided \$5,594,546 to be transferred from the Special Revenue Fund to the Capital Project Fund. Exhibit B & C).

Another matter which cannot be corrected is the \$3,131,381 transfers (other than transfers of facility Fees) from the Community Services Special Revenue Fund to the Community Services Capital Project Fund in violation of GASB #54 paragraph 30 Exhibit E. Including the AC recommendation the total transfers would be \$4,874,224 for the 6 year period (Exhibit D)

"Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects."

Exhibits

- A - Note 22 of the Annual Comprehensive Financial Report as of June 30, 2021
- B - 2021 ACFR - Community Services Special Revenue Fund - Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
- C - 2021 ACFR - Community Services Capital Project Fund - Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
- D. History of Expenditures and Resources of the Community Services Capital Project Fund - FY 2016 to 2021.
- E. GASB #54 Definition of Special Revenue Funds

III. BID RESULTS

Not required

IV. FINANCIAL IMPACT AND BUDGET**V. ALTERNATIVES**

NONE

VI. COMMENTS

See above

VII. STRATEGIC PLAN REFERENCE(S)

None

VIII. BUSINESS IMPACT

Improper financial reporting

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
CORE West, Inc	Burnt Cedar Pool Imp	\$3,845,865	\$773,143	\$3,072,722
Avail Enterprises, LLC	Rec Center Lobby	159,832	-	159,832
Ward-Young Architects	Rec Center Lobby	39,724	16,237	20,487
Granit Construction	Effluent Pipeline	369,218	25,618	343,600

21. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District’s estimated share of abatements for this fiscal year is \$41,360.

22. PRIOR PERIOD ADJUSTMENT

The Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance has three prior period adjustments. The first is a transfer between the Community Services Special Revenue Fund and the Community Services Capital Projects Fund that was reported in the prior year \$1,637,400 lower than the entry in the financial reports. The second adjustment is for the \$243,512 that was reported as unavailable revenue but should have been recorded as revenue when received in prior years. There were several assets capitalized in prior years that the auditors determined should not have been capitalized. The total affect to the financial reports was \$3,267,861. \$3,166,966 was in the Utilities fund, including \$3,100,110 of the Effluent Pipeline project that was written off. Governmental activities had \$100,895 in book value of assets written off as a prior period adjustment.

EXHIBIT B

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
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	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
Facility Fee:				
Championship Golf	32,812	32,812	33,019	207
Mountain Golf	221,481	221,481	222,882	1,401
Facilities	41,015	41,015	41,275	\$1,735,612 260
Ski	(1,640,400)	(1,640,400)	(1,650,784)	(10,384)
Community Programming	1,222,098	1,222,098	1,229,835	7,737
Parks	729,978	729,978	734,600	4,622
Tennis	114,828	114,828	115,555	727
Recreation Administration	1,041,833	1,041,833	1,009,230	(32,603)
Operating Grants	17,000	17,000	17,000	-
Interfund Services	98,849	98,849	91,769	(7,080)
Intergovernmental Services	21,700	21,700	36,997	15,297
Investment Earnings	52,500	52,500	4,471	(48,029)
Miscellaneous	118,130	130,230	119,697	(10,533)
Total revenues	<u>18,700,152</u>	<u>18,700,152</u>	<u>18,098,058</u>	<u>(602,094)</u>
EXPENDITURES				
Culture and Recreation - All Functions:				
Function Summary (see next page)	18,149,871	18,149,869	15,289,187	2,860,682
Total expenditures	<u>18,149,871</u>	<u>18,149,869</u>	<u>15,289,187</u>	<u>2,860,682</u>
Excess (deficiency) of revenues over expenditures	<u>550,281</u>	<u>550,283</u>	<u>2,808,871</u>	<u>2,258,588</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	52,250	52,250
Transfers In This should be a transfer out	-	-	(537,835)	(537,835)
Transfers Out - Capital Projects	(5,594,546)	-	-	-
Net change in fund balance	<u>(5,044,265)</u>	<u>550,283</u>	<u>2,323,286</u>	<u>1,773,003</u>
Fund Balance, July 1, as reported	15,280,913	15,280,913	15,280,913	-
Prior period adjustment	(1,637,400)	(1,637,400)	(1,637,400)	-
Fund balance, July 1 as adjusted	<u>13,643,513</u>	<u>13,643,513</u>	<u>13,643,513</u>	-
Fund balance, June 30	<u>\$ 8,599,248</u>	<u>\$ 14,193,796</u>	<u>\$ 15,966,799</u>	<u>\$ 1,773,003</u>

Note: The State Budget Form 4404LGF recognized the Total Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure by those Funds. Incorrect Statement. The Facility Fee was allocated to individual funds and not transferred

See notes to required supplementary information

EXHIBIT C

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Sales of Assets and Intangibles	\$ -	\$ -	\$ 1,500	\$ 1,500
Facility Fees	533,195	533,195	536,571	3,376
Capital Grants	-	-	88,505	88,505
Total revenues	533,195	533,195	626,576	93,381
EXPENDITURES				
Championship Golf	1,653,827	1,653,381	860,893	792,488
Mountain Golf	347,380	347,380	127,365	220,015
Facilities	100,000	100,000	23,762	76,238
Ski	2,263,864	2,262,504	439,610	1,822,894
Community Programming	455,000	531,756	340,112	191,644
Parks	172,440	215,503	236,472	(20,969)
Tennis	1,045,230	1,045,230	872,040	173,190
Comm. Serv. Administration	90,000	90,000	7,000	83,000
Total expenditures	6,127,741	6,245,754	2,907,254	3,338,500
Excess (deficiency) of revenues over expenditures	(5,594,546)	(5,712,559)	(2,280,678)	3,431,881
OTHER FINANCING SOURCES				
Transfers In	5,594,546	5,594,546	537,835	(5,056,711)
Transfers Out	-	-	-	-
Total other financing sources	5,594,546	5,594,546	537,835	(5,056,711)
Net change in fund balance	-	(118,013)	(1,742,843)	(1,624,830)
Fund Balance, July 1, as reported	-	-	-	-
Prior period adjustment	1,637,400	1,637,400	1,637,400	-
Fund balance, July 1 as adjusted	1,637,400	1,637,400	1,637,400	-
Fund balance, June 30	\$ 1,637,400	\$ 1,519,387	\$ (105,443)	\$ (1,624,830)

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure. **Incorrect statement. The Facility Fee was allocated to individual funds and not transferred. See above**

EXHIBIT D

**Incline Village General Improvement District
Community Services Capital Projects fund
Fiscal Years 2016 to 2021
Source CAFR & 2016 to 2021**

	2016	2017	2018	2019	2020	2021
Expenditures	(2,344,198)	(3,633,210)	(3,905,926)	(6,043,500)	(5,059,031)	(2,907,254)
Resources						
Grants and Sale of Capital Assets	625,064	176,567	158,755	37,550	1,637,399	90,005
Facility Fee recored directly						536,571
Transfer in from Special Revenue Fund	3,780,675	3,818,908	3,650,842	3,678,473	3,421,632	537,835
Fund Balance	2,061,541	362,265	(96,329)	(2,327,477)	-	(1,742,843)
Cumulative Fund Balance	2,061,541	2,423,806	2,327,477	-	-	(1,742,843)

Prior period adjustment - There was no need to provide additional resources from 2016 to 2020 **1,637,400**

The \$1,637,400 is NOTHING MORE than a current year transfer from the Special Revenue Fund

Unfunded Expenditures - Possible violation of NRS 354.626 Unlawful expenditure of money in excess of amount appropriated **(105,443)**

**Transfers in from Special Revenue Fund
in excess of Facility Fees**

Transfers in from Special Rvenue Fund	3,780,675	3,818,908	3,650,842	3,678,473	3,421,632	537,835
Facility Fees Authorized by Board	(2,524,818)	(2,619,078)	(3,612,400)	(3,678,473)	(3,322,215)	in revenues
Transfers in excess of Facility Fees	1,255,857	1,199,830	38,442	-	99,417	537,835
Cumulated	1,255,857	2,455,687	2,494,129	2,494,129	2,593,546	3,131,381

Recommended Adjustment by AC

Special Revenue Fund resources cannot be used for Capital Projects. GASB #54

1,742,843

4,874,224

EXHIBIT E

Governmental Fund Type Definitions

28. Governmental fund types include the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds, as discussed in paragraphs 29–35.

General Fund

29. The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

30. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Those specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should not be recognized as revenue in the fund initially receiving them; however, those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes. Special revenue funds should not be used to account for resources held in trust for individuals, private organizations, or other governments.

31. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund.² Other

²For revolving loan arrangements that are initially funded with restricted grant revenues, the consideration may be whether those restricted resources continue to comprise a substantial portion of the *fund balance* in the fund's balance sheet.

resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

32. Governments should disclose in the notes to the financial statements the purpose for each major special revenue fund—identifying which revenues and other resources are reported in each of those funds.

Capital Projects Funds

33. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds

34. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

MEMORANDUM

TO: Audit Committee

THROUGH: Ray Tolloch

FROM: Clifford F. Dobler

SUBJECT: Improper disclosure of a prior period adjustment of \$243,512 - Note 22 Prior Period Adjustments - 2021 Annual Comprehensive Financial Report (ACFR)

**STRATEGIC
PLAN REFERENCE(S):** None

DATE: 3-18-2022

I. RECOMMENDATION

The Audit Committee recommends that the disclosure regarding the \$243,512 prior period adjustment indicated in Note 22 of the 2021 Annual Comprehensive Financial Report (Exhibit A) should be restated to reflect actual information.

Suggested revision

\$243,512 was received by IVGID in 2017 to satisfy a judgment against an individual. The payment was reported as a restricted deposit and a deferred inflow until all appeals by the individual were concluded. Appeals were finally resolved in 2020 wherein the restriction deposit and deferred inflow should have unwound and reported as General Fund revenue in fiscal year 2020.

II. BACKGROUND and ANALYSIS

For several years, a lawsuit involving an individual and IVGID resulted in a judgment in favor of IVGID for \$243,512. In 2017 the cash was received by IVGID and recorded as a Restricted Deposit and a Deferred Inflow of Resources until all appeals of the judgment were resolved. In 2020, a final order by the Nevada Supreme Court was rendered in favor of IVGID, and the cash

was no longer required to be a restricted deposit and a deferred inflow and should have been unwound and reported as General Fund Revenue.

The prior period adjustment stated "the second adjustment is for the \$243,512 that was reported as **unavailable revenue** but should have been recorded as revenue **when received in prior years.**"

The Audit Committee deems the description to be inaccurate.

- 1) The recording and reporting was a deferred inflow of revenue not an "unavailable resource". (Exhibit B)
- 2) When the money was received in 2017 it had to be restricted until all appeals were resolved so the statement that the amount "should have been recorded as revenue when received" is inaccurate. The cash was received in 2017 but did not become revenues until 2020.
- 3) There was no indication that the revenues were received in the General Fund

This amount included interest earned since 2017.

Exhibit A - Note 22. Prior Period Adjustment - 2021 ACFR

Exhibit B - Note 20 - 2020 CAFR

III. BID RESULTS

Not required

IV. FINANCIAL IMPACT AND BUDGET

Weakness in Financial Reporting

V. ALTERNATIVES

NONE

VI. COMMENTS

NONE

VII. STRATEGIC PLAN REFERENCE(S)

None

VIII. BUSINESS IMPACT

None

EXHIBIT A

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
CORE West, Inc	Burnt Cedar Pool Imp	\$3,845,865	\$773,143	\$3,072,722
Avail Enterprises, LLC	Rec Center Lobby	159,832	-	159,832
Ward-Young Architects	Rec Center Lobby	39,724	16,237	20,487
Granit Construction	Effluent Pipeline	369,218	25,618	343,600

21. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District's estimated share of abatements for this fiscal year is \$41,360.

22. PRIOR PERIOD ADJUSTMENT

The Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance has three prior period adjustments. The first is a transfer between the Community Services Special Revenue Fund and the Community Services Capital Projects Fund that was reported in the prior year \$1,637,400 lower than the entry in the financial reports. The second adjustment is for the \$243,512 that was reported as unavailable revenue but should have been recorded as revenue when received in prior years. There were several assets capitalized in prior years that the auditors determined should not have been capitalized. The total affect to the financial reports was \$3,267,861. \$3,166,966 was in the Utilities fund, including \$3,100,110 of the Effluent Pipeline project that was written off. Governmental activities had \$100,895 in book value of assets written off as a prior period adjustment.

Exhibit B

19. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

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

Capital Improvement Project Budget Carryover:

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

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

Budgeting for the Fiscal Year Ending June 30, 2021:

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

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

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

20. RESTRICTED DEPOSIT HELD IN LAWSUIT

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

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

21. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

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

22. PRIOR YEAR ADJUSTMENTS

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

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

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

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

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