

Note 18 - Segment Information for Community Services and Beach Special Revenue Funds (page 54 of 2019 CAFR) is a misuse of GASB intentions.

According to GASB #34 paragraph 122 and 123, Segment Information is ONLY to be used for Enterprise Funds. The two IVGID Special Revenue Funds are NOT Enterprise Funds.

Note 18 has no relevance as Charges for Services by venue are included in the Community Services and Beach Special Revenue Funds - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the year ended June 30, 2019 (Exhibit C - page 28 and 29 of the 2019 CAFR).

Note 18 is a diversion to provide some information on the improper accounting for using Punch Cards for entry to the IVGID recreational venues. Such accounting has no basis under GAAP. There is no disclosure that "Punch Card Value Utilized" are actually dollar for dollar contra revenue amounts to offset fictional grossed up Charges for Services when Punch Cards are used. The offsets however do NOT follow the actual Charges for Services but are created based on predetermined percentages.

During fiscal 2019, \$468,000 was improperly transferred from the Community Services Special Revenue Fund to "pay for" the \$590,000 of Charges for Services at the Beaches. The remaining \$122,000 is a contra revenue offset in the Beach Special Revenue Fund. This transfer is required to be disclosed in Note 8 Interfund Accounts and Transfers. NRS Statutes are violated as transfers between Special Revenue Funds cannot be done..

For some comic relief

- Charges for services for the Championship and Mountain Golf do not agree with the amounts on page 28 of the 2019 CAFR
- "Function" is used 6 times with different meanings
- "Facility Fee" is used 5 times with no relevance
- "facility fee can be used to pay for charges for services in lieu of other forms of privileges". No logic here. IN LIEU is defined "to replace it or substitute for it". What?
- "Charges for Services are aggregated, while expenditures are provided by function". What is aggregated and where?
- Facility Fee have been listed separately by Fund and Function. Is the "Function type of Revenue or is it the Recreation Venues" - NO relevance here.

Exhibits -

A - GASB #34 - Segment Information.

B - 2019 CAFR Note 18 Segment Information for Community Services and Beach Special Revenue Funds

C- 2019 CAFR - Community Services and Beaches Special Revenue Funds - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

EXHIBIT A - GASB #34

120. Determining whether to provide similar disclosures about capital assets and long-term liabilities of discretely presented component units is a matter of professional judgment. The decision to disclose should be based on the individual component unit's significance to the total of all discretely presented component units and that component unit's relationship with the primary government.

Disclosures about Donor-restricted Endowments

121. Note disclosures should include the following information about donor-restricted endowments:

- a. The amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the governing board, and how those amounts are reported in net assets
- b. The state law regarding the ability to spend net appreciation
- c. The policy for authorizing and spending investment income, such as a spending-rate or total-return policy.

Segment Information

122. Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity reported as or within an enterprise fund or an other stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments (such as certificates of participation) are outstanding.⁴⁸ A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified. Segment disclosure requirements should be met by providing condensed financial statements in the notes:

- a. Type of goods or services provided by the segment.
- b. Condensed statement of net assets:
 - (1) Total assets—distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or component units should be reported separately.

⁴⁸Segment disclosures are not required for an activity whose only outstanding debt is conduit debt for which the government has no obligation beyond the resources provided by related leases or loans. In addition, segment reporting is not required when an individual fund both is a segment and is reported as a major fund.

- (2) Total liabilities—distinguishing between current and long-term amounts. Amounts payable to other funds or component units should be reported separately.
- (3) Total net assets—distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.
- c. Condensed statement of revenues, expenses, and changes in net assets:
 - (1) Operating revenues (by major source).
 - (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
 - (3) Operating income (loss).
 - (4) Nonoperating revenues (expenses)—with separate reporting of major revenues and expenses.
 - (5) Capital contributions and additions to permanent and term endowments.
 - (6) Special and extraordinary items.
 - (7) Transfers.
 - (8) Change in net assets.
 - (9) Beginning net assets.
 - (10) Ending net assets.
- d. Condensed statement of cash flows:
 - (1) Net cash provided (used) by:
 - (a) Operating activities.
 - (b) Noncapital financing activities.
 - (c) Capital and related financing activities.
 - (d) Investing activities.
 - (2) Beginning cash and cash equivalent balances.
 - (3) Ending cash and cash equivalent balances.

Determining whether to provide segment disclosures about component units that use enterprise fund accounting and reporting standards is a matter of professional judgment. The decision to disclose should be based on the individual component unit's significance to the total of all discretely presented component units and that component unit's relationship with the primary government.

123. Governments that want to present disaggregated data for their multiple-function enterprise funds beyond what is required for segment reporting (for example, net program cost information) are encouraged to present (as supplementary information) a statement of activities (as discussed in paragraphs 38–60). Special-purpose governments engaged only in business-type activities (paragraph 138) also are encouraged to present this information.

EXHIBIT B

17. DUE TO OTHER GOVERNMENTS

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

18. SEGMENT INFORMATION FOR 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 facility fee is combined with charges for services to provide the resources for providing services. Charges for services are aggregated, while expenditures are provided by function. As stated in Note 1 T, part of the facility fee can be used to pay for charges for services in lieu of other forms of privileges. These are referred to as Punch Cards. The following are major functions included in Charges for Services and the approximate amounts of punch cards activity that is included.

	Charges for Services	Paid with Punch Cards	Punch Cards Value Utilized
Community Services Fund:			
Championship Golf	\$ 3,952,989	\$ 25,000	\$ -
Mountain Golf	690,668	56,000	-
Facilities	392,246	-	-
Ski	11,778,871	200,000	-
Community Programming	1,364,044	1,000	-
Parks	46,580	-	-
Tennis	153,435	-	-
Recreation Administration	<u>(730,819)</u>	<u>7,000</u>	<u>(757,000)</u>
Total	<u>\$ 17,648,014</u>	<u>\$289,000</u>	<u>\$(757,000)</u>
Beach Fund	<u>\$ 1,492,687</u>	<u>\$590,000</u>	<u>\$(122,000)</u>
District Total		<u>\$879,000</u>	<u>\$(879,000)</u>

19. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$185,000 for calendar year 2019 services. As of June 30, 2019 \$92,500 in quarterly deposits are remaining as a part of the subsequent year's budget.

Charges for Services at Beaches \$590,000
 Offset in Beach Fund (122,000)
 Transfer from Community Services (468,000)

EXHIBIT C

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 3,992,444	\$ 3,992,444	\$ 3,902,689	\$ (89,755)
Mountain Golf	690,926	690,926	740,968	50,042
Facilities	406,900	406,900	392,246	(14,654)
Ski	8,915,000	11,715,000	11,778,871	63,871
Community Programming and Recreation Center	1,305,414	1,305,414	1,364,044	58,630
Parks	67,740	67,740	46,580	(21,160)
Tennis	159,700	159,700	153,435	(6,265)
Recreation Administration	(510,600)	(510,600)	(730,819)	(220,219)
Subtotal Charges for Services	15,027,524	17,827,524	17,648,014	(179,510)
Facility Fees - Operations	1,765,150	1,765,150	2,984,399	1,219,249
Facility Fees - Capital Projects	3,612,400	3,612,400	2,508,528	(1,103,872)
Facility Fees - Debt service	410,500	410,500	329,848	(80,652)
Intergovernmental Services	21,000	21,000	14,570	(6,430)
Interfund Services	77,920	77,920	86,060	8,140
Operating Grants	17,000	17,000	17,000	-
Investment income	30,000	30,000	199,322	169,322
Miscellaneous - other	106,480	106,480	112,777	6,297
Total revenues	21,067,974	23,867,974	23,900,518	32,544
EXPENDITURES				
COMMUNITY SERVICES RECREATION:				
Championship Golf	4,171,759	4,171,759	4,285,423	(113,664)
Mountain Golf	1,019,953	1,019,953	960,442	59,511
Facilities	547,202	547,202	482,527	64,675
Ski	7,353,714	7,783,714	7,830,948	(47,234)
Community Programming and Recreation Center	2,350,783	2,350,783	2,296,972	53,811
Parks	848,133	848,133	815,439	32,694
Tennis	263,670	263,670	253,544	10,126
Recreation Administration	375,000	375,000	363,285	11,715
Total expenditures	16,930,214	17,360,214	17,288,580	71,634
Excess (deficiency) of revenues over expenditures	4,137,760	6,507,760	6,611,938	104,178
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	241,875	241,875	645,000	403,125
Sale of assets	-	-	34,567	34,567
Insurance Proceeds	-	-	50,300	50,300
Contingency	(500,000)	(500,000)	-	500,000
Operating Transfers (Out) - Capital Projects	(6,070,675)	(6,070,675)	(3,678,473)	2,392,202
Operating Transfers (Out) - Debt Service	(410,500)	(410,500)	(329,848)	80,652
Total other financing sources (uses)	(6,739,300)	(6,739,300)	(3,278,454)	3,460,846
Net changes in fund balance	(2,601,540)	(231,540)	3,333,484	3,565,024
Fund Balance, July 1, as previously reported	11,515,351	10,645,469	10,645,469	-
Prior Period Adjustment	-	-	(645,000)	(645,000)
Fund Balance, July 1, as adjusted	11,515,351	10,645,469	10,000,469	(645,000)
Fund balance, June 30	\$ 8,913,811	\$ 10,413,929	\$ 13,333,953	\$ 2,920,024

Does not agree with
 Note 18

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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Beach	\$ 1,338,500	\$ 1,338,500	\$ 1,492,687	\$ 154,187
Facility Fees - Operations	659,260	659,260	774,928	115,668
Facility Fees - Capital Projects	302,484	302,484	198,558	(103,926)
Facility Fees - Debt service	7,756	7,756	1,635	(6,121)
Investment earnings	13,500	13,500	36,188	22,688
Total revenues	<u>2,321,500</u>	<u>2,321,500</u>	<u>2,503,996</u>	<u>182,496</u>
EXPENDITURES				
BEACH RECREATION:				
Beach	<u>1,922,976</u>	<u>1,922,976</u>	<u>1,906,516</u>	<u>16,460</u>
Excess (deficiency) of revenues over expenditures	<u>398,524</u>	<u>398,524</u>	<u>597,480</u>	<u>198,956</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(50,000)	(50,000)	-	50,000
Operatign Transfers In	13,125	13,125	35,000	21,875
Operating Transfers (Out) - Capital Projects	(306,328)	(306,328)	(198,558)	107,770
Operating Transfers (Out) - Debt Service	<u>(7,756)</u>	<u>(7,756)</u>	<u>(1,635)</u>	<u>6,121</u>
Total other financing sources (uses)	<u>(350,959)</u>	<u>(350,959)</u>	<u>(165,193)</u>	<u>185,766</u>
Net changes in fund balance	<u>47,565</u>	<u>47,565</u>	<u>432,287</u>	<u>384,722</u>
Fund Balance, July 1, as previously reported	1,444,497	1,444,497	1,413,091	(31,406)
Prior Period Adjustment	-	-	(35,000)	(35,000)
Fund Balance, July 1, as adjusted	<u>1,444,497</u>	<u>1,444,497</u>	<u>1,378,091</u>	<u>(66,406)</u>
Fund balance, June 30	<u>\$ 1,492,062</u>	<u>\$ 1,492,062</u>	<u>\$ 1,810,378</u>	<u>\$ 318,316</u>

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

February 17, 2020

To: IVGID Trustee Audit Committee

From: Clifford F. Dobler

cc: Trustees Wong and Morris and Interim General Manager, Indra Winquest

Re: Improper Reporting of Facility Fees in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (CAFR)

Below is another grave misrepresentation in the CAFR which adds to the growing list of improper reporting which will ultimately require a restatement of the CAFR delivered to the Department of Taxation.

On May 22, 2018, The Board of Trustees adopted Resolution 1865 which set forth the amount of Recreation and Beach Facility Fees which property owners would be assessed for fiscal year 2019. These funds were specifically collected and allocated for operations, capital projects and debt service. In 2015, the Board of Trustees established three separate funds for Community Services and the Beaches to insure that the Facility Fees would be allocated in the manner described in each annual Resolution so stakeholders could see how their money is being spent.

For fiscal year ending June 30, 2019, the allocation of the Facility Fees for all Community Services and Beach recreational venues were established as:(Exhibit A) and were also made part of the 2018/2019 Budget Form 4404LGF.

	<u>Community Services</u>	<u>Beaches</u>
Operations	\$1,765,150	\$659,260
Capital Projects	\$3,612,400	\$302,484
Debt Service	<u>\$ 410,500</u>	<u>\$ 7,756</u>
Total	\$5,788,050	\$969,500

The CAFR for fiscal year 2019 , shows that the Facility Fees were actually allocated in different amounts. Director of Finance Eick apparently decided, on his own, that the Facility Fees would be allocated to provide an additional \$1,219,000 and \$116,000 in revenues for the Community Services and Beach **OPERATIONS** at the expense of lesser amounts for capital projects and debt service (Exhibit B & C). The Board of Trustees never approved this different allocation and Trustees Wong and Morris, members of the old Audit Committee did not request any correction.

The Board of Trustees decides how the Facility Fees must be spent and property owners expect that their money will be spent for the purpose they are collected. But Eick, without any oversight, decides what he wants. So instead of close to \$4,000,000 being allocated and actually spent on capital projects, a portion of the money is diverted to pay unknown and unbudgeted operating expenses now or in the future. A slush fund has effectively been built up to fuel higher operating expenses while important capital projects sit in the "planning stages."

To confuse the Trustees and Public even more, the "Pre Audit" Statement of Operating Sources and Uses for the year ended June 30, 2019 (which only reports operations and does not include capital

projects and debt service) the actual Facility Fees for Community Services and Beaches were similar to the assessments authorized in the Board Resolution and the Budget for the fiscal year. (Exhibit D & E), but were substantially different in the CAFR. There is no logical explanation to reallocate such large amounts other than to intentionally mislead the public.

Ironically, in fiscal year 2019, Diamond Peak actual operations exceeded the original budget expectations by \$2,386,000. So the \$1,765,150 of the Community Services Facility Fee allocated by the Board for operating short falls was NEVER required let alone allowing Eick to add another \$1,300,000 to the operating coffers. Did anyone get a refund? Not a chance. How about using the funds for capital projects our community has prioritized?

Eick also decided, on his own, to close down the capital project and debt service funds and collect all the money from user fees and the facility fees in the operating funds effective July 1, 2019. This is the ultimate lack of transparency which firmly contradicts the Board Resolution establishing the Funds in 2015. Within his budget transmittal letter dated May 22, 2019 (Exhibit F) he states: *"Therefore the Capital Projects and Debt Service funds will become inactive as of July 1, 2019 and used only in the event the District issues bonds for a specific construction project"*. Apparently he felt he had the right to change Board Policies by a simple statement in a cover letter. He just got three votes from Wong, Horan and Morris to approve the 2019/2020 budget and made no mention of the need to amend the Resolution which established the funds. This, of course, holds no water but so what. Horan is now gone and the new Audit Committee will be tasked with restating the 2019 CAFR and the 2020 Budget.

As a result of Eick "cooking the books," the operating fund at June 30, 2019 for Community Services has a balance of \$13,333,853. This EXCEEDS the Board mandated appropriate level of fund balance by a staggering \$9,102,000. The operating fund for the Beaches is also sitting on \$1,810,000 when only \$481,000 should be the appropriate amount. Citizens need a new Burnt Cedar Pool and a new Incline Beach building and future Facility Fees should be directed towards those capital projects.

Please review this memorandum, provide me with what your intent will be on correcting this misrepresentation in the CAFR and provide me an answer if you received this memo. If you have any questions please let me know.

Exhibits:

A - Resolution 1865 - Incline Village General Improvement District Facility Fee Reconciliation by Parcel and Venue Component

B- CAFR - Community Services Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30, 2019

C - CAFR - Beach Special Revenue Fund - Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30, 2019

D - Community Services Fund - Statement of Operating sources and Uses for the Period Ending June 30, 2019

E - Beach Fund - Statement of Operating sources and Uses for the Period Ending June 30, 2019

F - May 22, 2019 Budget Letter to Board of Trustees and Citizens of Incline Village and Crystal Bay Incline Village General Improvement District.

Incline Village General Improvement District Facility Fee Reconciliation by Parcel and Venue Component

RESOLUTION 1865
 ADOPTED 5/23/2018
 FOR FISCAL YEAR 2019

	Components per Parcel			Per Parcel Facility Fee	Total 2018-19 Facility Fee	Amount per Venue Component		
	Operating	Capital Projects	Debt Service			Operating	Capital Projects	Debt Service
Recreation Facility Fee charged to 8,210 Parcels								
Golf - Championship	\$ 22	\$ 52	\$ 24	\$ 98	\$ 804,580	\$ 180,620	\$ 426,920	\$ 197,040
Golf - Mountain	40	23	-	63	\$ 517,230	\$ 328,400	\$ 188,830	\$ -
Facilities	18	17	22	57	\$ 467,970	\$ 147,780	\$ 139,570	\$ 180,620
Diamond Peak Ski	(200)	226	3	29	\$ 238,090	\$ (1,642,000)	\$ 1,855,460	\$ 24,630
Youth & Family Programming	25	-	-	25	\$ 205,250	\$ 205,250	\$ -	\$ -
Senior Programming	21	-	-	21	\$ 172,410	\$ 172,410	\$ -	\$ -
Recreation Center	81	32	-	113	\$ 927,730	\$ 665,010	\$ 262,720	\$ -
Comm. Services Administration	108	53	-	161	\$ 1,321,810	\$ 886,680	\$ 435,130	\$ -
Parks	86	32	-	118	\$ 968,780	\$ 706,060	\$ 262,720	\$ -
Tennis	14	5	1	20	\$ 164,200	\$ 114,940	\$ 41,050	\$ 8,210
Recreation Allocation	\$ 215	\$ 440	\$ 50	\$ 705	\$ 5,788,050	\$1,765,150	\$3,612,400	\$410,500
Beach Facility Fee charged to 7,756 Parcels								
Beach Allocation	\$ 85	\$ 39	\$ 1	\$ 125	\$ 969,500	\$ 659,260	\$ 302,484	\$ 7,756

Previous Fiscal Years

	Operating	Capital Projects	Debt Service	Total Fee		
Recreation Facility Fee Allocation:						
2017-18	\$ 215	\$ 330	\$ 160	\$ 705	(2008 Ski Bond matured 6/2018)	
2016-17	\$ 250	\$ 320	\$ 160	\$ 730		
2015-16	\$ 266	\$ 308	\$ 156	\$ 730		
2014-15	\$ 211	\$ 303	\$ 216	\$ 730	(2004 Rec Bond matured 10/2014)	
(Operating \$190 + \$49 Reserves)	2013-14	\$ 239	\$ 277	\$ 214	\$ 730	
(Operating \$183 + \$75 Reserves)	2012-13	\$ 258	\$ 199	\$ 273	\$ 730	(2003 Rec Bond matured 3/2013)

Beach Facility Fee Allocation:

2017-18	\$ 85	\$ 39	\$ 1	\$ 125	
2016-17	\$ 75	\$ 24	\$ 1	\$ 100	
2015-16	\$ 75	\$ 24	\$ 1	\$ 100	
2014-15	\$ 65	\$ -	\$ 35	\$ 100	(2004 Rec Bond matured 10/2014)
2013-14	\$ 63	\$ -	\$ 37	\$ 100	
2012-13	\$ 66	\$ 17	\$ 17	\$ 100	(2003 Rec Bond matured 3/2013)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
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REVENUES				
Charges for Services				
Championship Golf	\$ 3,992,444	\$ 3,992,444	\$ 3,902,689	\$ (89,755)
Mountain Golf	690,926	690,926	740,968	50,042
Facilities	406,900	406,900	392,246	(14,654)
Ski	8,915,000	11,715,000	11,778,871	63,871
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Tennis	159,700	159,700	153,435	(6,265)
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Interfund Services	77,920	77,920	86,060	8,140
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Investment income	30,000	30,000	199,322	169,322
Miscellaneous - other	106,480	106,480	112,777	6,297
Total revenues	<u>21,067,974</u>	<u>23,867,974</u>	<u>23,900,518</u>	<u>32,544</u>
EXPENDITURES				
COMMUNITY SERVICES RECREATION:				
Championship Golf	4,171,759	4,171,759	4,285,423	(113,664)
Mountain Golf	1,019,953	1,019,953	960,442	59,511
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Ski	7,353,714	7,783,714	7,830,948	(47,234)
Community Programming and Recreation Center	2,350,783	2,350,783	2,296,972	53,811
Parks	848,133	848,133	815,439	32,694
Tennis	263,670	263,670	253,544	10,126
Recreation Administration	375,000	375,000	363,285	11,715
Total expenditures	<u>16,930,214</u>	<u>17,360,214</u>	<u>17,288,580</u>	<u>71,634</u>
Excess (deficiency) of revenues over expenditures	4,137,760	6,507,760	6,611,938	104,178
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	241,875	241,875	645,000	403,125
Sale of assets	-	-	34,567	34,567
Insurance Proceeds	-	-	50,300	50,300
Contingency	(500,000)	(500,000)	-	500,000
Operating Transfers (Out) - Capital Projects	(6,070,675)	(6,070,675)	(3,678,473)	2,392,202
Operating Transfers (Out) - Debt Service	(410,500)	(410,500)	(329,848)	80,652
Total other financing sources (uses)	<u>(6,739,300)</u>	<u>(6,739,300)</u>	<u>(3,278,454)</u>	<u>3,460,846</u>
Net changes in fund balance	<u>(2,601,540)</u>	<u>(231,540)</u>	<u>3,333,484</u>	<u>3,565,024</u>
Fund Balance, July 1, as previously reported	11,515,351	10,645,469	10,645,469	-
Prior Period Adjustment	-	-	(645,000)	(645,000)
Fund Balance, July 1, as adjusted	<u>11,515,351</u>	<u>10,645,469</u>	<u>10,000,469</u>	<u>(645,000)</u>
Fund balance, June 30	<u>\$ 8,913,811</u>	<u>\$ 10,413,929</u>	<u>\$ 13,333,953</u>	<u>\$ 2,920,024</u>

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
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Beach	\$ 1,338,500	\$ 1,338,500	\$ 1,492,687	\$ 154,187
Facility Fees - Operations	659,260	659,260	774,928	115,668
Facility Fees - Capital Projects	302,484	302,484	198,558	(103,926)
Facility Fees - Debt service	7,756	7,756	1,635	(6,121)
Investment earnings	13,500	13,500	36,188	22,688
Total revenues	<u>2,321,500</u>	<u>2,321,500</u>	<u>2,503,996</u>	<u>182,496</u>
EXPENDITURES				
BEACH RECREATION:				
Beach	<u>1,922,976</u>	<u>1,922,976</u>	<u>1,906,516</u>	<u>16,460</u>
Excess (deficiency) of revenues over expenditures	<u>398,524</u>	<u>398,524</u>	<u>597,480</u>	<u>198,956</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(50,000)	(50,000)	-	50,000
Operation Transfers In	13,125	13,125	35,000	21,875
Operating Transfers (Out) - Capital Projects	(306,328)	(306,328)	(198,558)	107,770
Operating Transfers (Out) - Debt Service	(7,756)	(7,756)	(1,635)	6,121
Total other financing sources (uses)	<u>(350,959)</u>	<u>(350,959)</u>	<u>(165,193)</u>	<u>185,766</u>
Net changes in fund balance	<u>47,565</u>	<u>47,565</u>	<u>432,287</u>	<u>384,722</u>
Fund Balance, July 1, as previously reported	1,444,497	1,444,497	1,413,091	(31,406)
Prior Period Adjustment	-	-	(35,000)	(35,000)
Fund Balance, July 1, as adjusted	<u>1,444,497</u>	<u>1,444,497</u>	<u>1,378,091</u>	<u>(66,406)</u>
Fund balance, June 30	<u>\$ 1,492,062</u>	<u>\$ 1,492,062</u>	<u>\$ 1,810,378</u>	<u>\$ 318,316</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
STATEMENT OF OPERATING SOURCES AND USES**

COMMUNITY SERVICES FUND

CURRENT YEAR TO BUDGET COMPARISON

For Period Ending June 30, 2019

	Current Month Budget	Current Month Actual	Month Budget Variance	Current YTD Budget	Current YTD Actual	YTD Budget Variance
OPERATING SOURCES						
Charges for Services	1,057,925	828,732	(229,193)	17,799,224	17,641,773	(157,452)
Facility Fees	88,259	44,179	(44,080)	1,765,150	1,767,442	2,292
Intergovernmental - Operating Grants	4,600	3,384	(1,216)	38,000	31,570	(6,430)
Interfund Services	16,910	17,797	887	94,120	86,060	(8,060)
Investment Income	2,500	18,724	16,224	30,000	138,902	108,902
Misc Rev-Other Reportable Items	3,349	4,155	806	118,580	147,339	28,759
TOTAL OPERATING SOURCES	1,173,543	916,972	(256,571)	19,845,074	19,813,086	(31,988)
OPERATING USES						
Salaries and Wages	572,383	589,071	(16,688)	6,684,155	6,788,262	(104,107)
Employee Fringe	172,990	139,391	33,599	2,088,462	1,918,578	169,884
Total Personnel Cost	745,373	728,462	16,911	8,772,617	8,706,840	65,777
Professional Services	1,800	9,425	(7,625)	41,075	47,494	(6,419)
Services and Supplies	367,102	437,382	(70,279)	4,717,054	4,523,311	193,742
Insurance	15,433	17,241	(1,808)	328,845	348,063	(19,218)
Utilities	63,356	65,574	(2,218)	1,181,829	1,135,694	46,135
Cost of Goods Sold	154,822	180,274	(25,452)	1,450,595	1,604,555	(153,960)
Central Services Cost	64,017	64,017	0	768,200	768,200	0
Defensible Space	50,000	29,267	20,733	100,000	100,000	0
Total Services & Supplies	716,530	803,180	(86,649)	8,587,598	8,527,317	60,281
TOTAL OPERATING USES	1,461,903	1,531,641	(69,738)	17,360,214	17,234,157	126,057
OPERATING SOURCES(USES)	(288,360)	(614,669)	(326,309)	2,484,860	2,578,929	94,069

pre audit

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
STATEMENT OF OPERATING SOURCES AND USES**

BEACH FUND

CURRENT YEAR TO BUDGET COMPARISON

For Period Ending June 30, 2019

	Current Month Budget	Current Month Actual	Month Budget Variance	Current YTD Budget	Current YTD Actual	YTD Budget Variance
OPERATING SOURCES						
Charges for Services	203,400	259,649	56,249	1,338,500	1,488,682	150,182
Facility Fees	32,964	16,488	(16,476)	659,260	659,945	685
Investment Income	1,125	3,448	2,323	13,500	22,576	9,076
TOTAL OPERATING SOURCES	237,489	279,585	42,096	2,011,260	2,171,203	159,943
OPERATING USES						
Salaries and Wages	122,411	132,443	(10,032)	833,105	847,293	(14,188)
Employee Fringe	25,532	24,998	534	209,334	191,817	17,517
Total Personnel Cost	147,943	157,441	(9,498)	1,042,439	1,039,110	3,329
Professional Services	1,000	0	1,000	17,550	5,550	12,000
Services and Supplies	52,654	60,915	(8,261)	533,568	501,560	32,008
Insurance	3,575	10,646	(7,071)	21,450	38,875	(17,425)
Utilities	13,847	15,772	(1,925)	114,069	130,847	(16,778)
Cost of Goods Sold	15,500	13,808	1,692	101,300	94,437	6,863
Central Services Cost	7,717	7,717	0	92,600	92,600	0
Total Services & Supplies	94,293	108,858	(14,565)	880,537	863,870	16,667
TOTAL OPERATING USES	242,236	266,299	(24,063)	1,922,976	1,902,980	19,996
OPERATING SOURCES(USES)	(4,747)	13,287	18,033	88,284	268,223	179,939

pre audit

The District is expected to adopt the updated Community Services Master Plan during the budget year. Neither the operating nor capital budgets include any projects contemplated by this plan. Should any project's needs develop prior to June 30, 2020, they would have to follow the augmentation requirements to become authorized.

During the fiscal year 2016-2017 the District began the process of update and review of the Diamond Peak Master Plan by the Tahoe Regional Planning Agency (TRPA). This is a multi-year process that may not be completed until after June 30, 2020. A substantial portion of that capital project's budget will be carried over to 2019-20.

Governmental Fund Balance

The District Final Budget Summary reports the following select Fund Balances:

	Estimated Fund Balance <u>6/30/19</u>	Projected Minimum by Board <u>Policy</u>	Projected Fund Balance <u>6/30/20</u>
General Fund	\$ 3,093,112	\$ 199,000	\$ 2,304,242
Comm. Services SR	\$13,183,167	\$4,493,000	\$ 9,146,076
Beach Special Rev.	\$ 1,749,171	\$ 526,000	\$ 1,123,442

Comparison across Fiscal Years Presented in Form 4404LGF

A fundamental aspect of the Form 4404LGF is comparison of information across the audited results of the fiscal year ending June 30, 2018, an estimated result for the year ending June 30, 2019, along with a presentation of the Tentative and Final budgets for the year ending June 30, 2020. The form and content for those three periods utilizes the same accounting principles and methodologies. Comparisons can be made knowing that differences are the consequence of circumstances, not methodology.

One major variation year on year relates to the District's use of Capital Projects and Debt Service Funds for the Community Services and Beach activities from July 1, 2015 through June 30, 2019. The objective for using these funds was the expectation for the need to demonstrate the sources and uses of the facility fee for capital expenditure and debt service. Our experience has been expenditures are the most sought after information. This can be demonstrated effectively within the functional expenditure reporting in Special Revenue funds. Therefore the Capital Projects and Debt Service funds will become inactive as of July 1, 2019 and used only in the event the District issues bonds for a specific construction project.

Another variation is in the level of activity for food and beverage operations. The fiscal year 2017-18 saw increased activity. However, the greatest jump for 2018-19 relates to the Beach Fund taking on delivering food and beverage services at the two beaches. For many years, this was a concessionaire service. The respective revenues and expenditures increase, as well as the bottom line results. This also resulted in increases to FTE's with the addition of staff.

December 7, 2019

To: Board of Trustees and Indra Winquest

From: Clifford F. Dobler

Re: Improper and erroneously reporting of fund balances and Notes in the Comprehensive Annual Financial Report for fiscal year ended June 30, 2019

The fund balances for the Community Services Special Revenue Fund and the Beach Special Revenue Fund have been reported erroneously on the Government Funds Balance Sheet - June 30, 2019 (page 23) which is part of the Comprehensive Annual Financial Report for fiscal year ending June 30, 2019 (CAFR) even date.

The fund balance has not provided for the amount of commitments which have been imposed by formal action of the Board of Trustees required by paragraph 10 & 12 of GASB #54. On May 22, 2019, the Board of Trustees adopted a budget which committed the use of \$4,037,091 of the Community Services Special Revenue Fund and the use of \$625,729 of the Beach Special Revenue Fund fund balances at June 30, 2019 for specific purposes which imposed constraints on those funds and which cannot be lifted unless the Board of Trustees takes action. These amounts should coincide with the commitments stated in Note 19 (page 55) of the CAFR and **MUST** be stated as committed fund balances on the Balance Sheets of both funds.

To consider the above \$4,662,820 of committed fund balances to be "assigned" contradicts the requirements of GASB #54.

To state in Note 1P and Note 15 of the CAFR that the authority of making an assignment can be specified by the District's General Manager cannot be substantiated by any Board Policy or Practice. To state in Note 1P that an assigned fund balance reflects an ***intent by management of the District.*** has no credibility since intent ***should be expressed by*** a) the Board of Trustees, or b) a Body (committee) or c) an official which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. **The Board of Trustees have not expressed any of the choices.**

Any amounts of a fund balance committed by the Board of Trustees for specific uses should be displayed as a committed fund balance on the Government Funds Balance Sheet as of June 30, 2019.

Exhibits - CAFR

A - Balance Sheet - page 23 of CAFR

B - Note 1P - Fund balance

C - Note 15 - Assigned Fund Balance

D - Note 19 - Commitments affecting future periods

E - GASB #54 - Committed and Assigned Fund Balance paragraphs 10 through 16

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2019

	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
ASSETS								
Cash, cash equivalents and investments	\$ 4,619,335	\$ 14,751,053	\$ 1,945,888	\$ 372,676	\$ 109,433	\$	\$	\$ 21,798,485
Accounts receivable, net	4,754	13,026						17,780
Interest receivable on investments	16,732	17,704	2,370					36,806
Taxes and Fees from Washoe County	7,147	27,153	4,614					38,914
Grants receivable	-	1,417		369,662				371,079
Due from other governments	336,693	144,868	24,247					505,808
Inventories	-	573,951						573,951
Prepaid items	196,742	362,360	34,532					593,634
Restricted deposits	242,584	135,993	1,000					379,577
Total assets	\$ 5,424,987	\$ 16,027,525	\$ 2,012,651	\$ 742,338	\$ 109,433	\$	\$	\$ 24,316,034
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 305,100	\$ 507,537	\$ 42,169	\$ 372,676	\$ 109,433	\$	\$	\$ 1,336,915
Accrued personnel costs	1,078,916	298,132	28,253					1,404,401
Due to other governments	32,756		12,528					45,284
Unearned revenue	45	1,887,903	119,323					2,052,271
Total liabilities	1,415,917	2,693,572	202,273	372,676	109,433			4,793,871
Deferred Inflow of Resources								
Deferred Inflow	242,584			369,662				612,246
Fund Balance:								
Non-spendable	196,742	936,311	34,532					1,167,585
Restricted Deposits by Third Party Agreement		135,993	1,000					136,993
Assigned		12,261,649	1,774,846					14,036,495
Unassigned	3,568,844							3,568,844
Total fund balance	3,765,586	13,333,953	1,810,378					18,909,917
Total liabilities and fund balance	\$ 5,424,987	\$ 16,027,525	\$ 2,012,651	\$ 742,338	\$ 109,433	\$	\$	\$ 24,316,034

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

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 each 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 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 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.

An assigned fund balance can be specified by the District's General Manager.

The District's Board of Trustees has adopted a policy and practice statement on the Appropriate Level of Fund Balance.

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.

based on actuarial estimates provided by NVPACT for the amounts needed to pay claims as member of the risk sharing pool. For fiscal year ended June 30, 2019, the Internal Services Fund billed other District funds a total of \$504,519 and made member assessment payments for coverage of \$458,321. Member assessment payments are audited on the calendar year and paid the following July. Since the District will no longer be liable for costs for claims incurred prior to July 1, 2013, the use of the internal services fund ceased June 30, 2019. All future coverage is a purchased service.

Reconciliation of Workers Comp claims liability as of June 30, 2019, for claims incurred prior to July 1, 2013.

	Beginning Claims <u>Liability</u>	Claims Made	Claims Payments	General Provision	Ending Claims <u>Liability</u>
June 30, 2019	\$ 57,300	\$ -	\$ 57,300	\$ -	\$ -
June 30, 2018	\$156,000	\$ -	\$ -	\$ (98,700)	\$ 57,300
June 30, 2017	\$156,000	\$ -	\$ -	\$ -	\$156,000

14. CONTINGENCIES

The District participates in various federal programs, which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District’s compliance with applicable grant requirements will be established at a future date.

Washoe County is currently the defendant in various lawsuits with property owners disputing the County Assessor’s valuation methods used for property within the Lake Tahoe Basin. The County intends to vigorously defend the Assessor’s valuations; however, the outcome of these lawsuits is not presently determinable. An adverse ruling could result in a rollback of property values and subsequent rebates to property owners. Similar cases have resulted in the County charging a portion of the rebates against the District’s tax settlements in 2012 through 2014. The impact of the current claims, on the District’s financial condition, cannot be reasonably estimated.

15. ASSIGNED 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 facility fee. The fund balance in the Capital Projects and Debt Service Funds are assigned since they represent amounts designated through the budget process for approved but uncompleted expenditures under the direction of the District General Manager.

16. LEASE OBLIGATIONS

Revenue:

Miscellaneous revenue includes rent received for cell towers on District property. Under an agreement with American Tower \$20,082 was paid for a tower at the Mountain Golf Course. Its term is April 2007 to 2037 with extensions every five years, cancelable by either party. Rent increases 3% per year. Under an agreement with AT&T \$19,001 was paid for a tower at the Mountain Golf Course. Its term is October 2010 to 2035 with automatic extensions every five years, cancelable by the tenant. Rent increases 3% per year. Under an agreement with AT&T \$61,985 was paid for a tower at Diamond Peak Ski Resort. Its term is July 2013 to 2038 with extensions every five years, cancelable by the tenant. Rent increases 3.5% per year.

Expenses:

The Utility Fund paid \$4,476 for a leased copier under an agreement expiring December 2020.

17. DUE TO OTHER GOVERNMENTS

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

18. SEGMENT INFORMATION FOR 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 facility fee is combined with charges for services to provide the resources for providing services. Charges for services are aggregated, while expenditures are provided by function. As stated in Note 1 T, part of the facility fee can be used to pay for charges for services in lieu of other forms of privileges. These are referred to as Punch Cards. The following are major functions included in Charges for Services and the approximate amounts of punch cards activity that is included.

	Charges for Services	Paid with Punch Cards	Punch Cards Value Utilized
Community Services Fund:			
Championship Golf	\$ 3,952,989	\$ 25,000	\$ -
Mountain Golf	690,668	56,000	-
Facilities	392,246	-	-
Ski	11,778,871	200,000	-
Community Programming	1,364,044	1,000	-
Parks	46,580	-	-
Tennis	153,435	-	-
Recreation Administration	<u>(730,819)</u>	<u>7,000</u>	<u>(757,000)</u>
Total	<u>\$ 17,648,014</u>	<u>\$289,000</u>	<u>\$(757,000)</u>
Beach Fund	<u>\$ 1,492,687</u>	<u>\$590,000</u>	<u>\$(122,000)</u>
District Total		<u>\$879,000</u>	<u>\$(879,000)</u>

19. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$185,000 for calendar year 2019 services. As of June 30, 2019 \$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	\$ 201,000
Utility Fund (Non-effluent projects)	1,498,400
Effluent Pipeline Project	9,656,890
Community Services Fund	1,701,702
Beach Fund	108,050

Budgeting for the Fiscal Year Ending June 30, 2020:

The District's budgeting for the fiscal year ending June 30, 2020 anticipates a reduction in Net Position caused by completion of capital projects. The identified reductions include; General Fund by \$788,870 including \$561,800 to Community Services for the Mountain Golf Course capital project and \$145,000 for contingency, and in Community Services reduction for \$4,037,091 including the \$1,464,000 Mountain Course project, and \$1,285,000 for the Tennis Center Renovation. The Beach Fund has a reduction of \$625,729 resulting from the \$800,000 Burnt Cedar Pool Improvement.

Since Net Position is not reflected for each fund, fund balance should be used.

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

	<u>Contract Award</u>	<u>Completed at June 30, 2019</u>	<u>Remaining Commitment</u>
Utility Fund:			
Effluent Pipeline Project – State Route 28 Line Repairs			
State of Nevada	\$1,152,600	\$1,094,956	\$ 57,644
Replacement of Vactor Truck Awarded for assembly with fall 2019 delivery			
Atlantic Machinery, Inc.	\$ 416,564	\$ -	\$ 416,564
Community Services Fund:			
Incline Park Facility Renovation Awarded for May 2019 start, actual started July			
Rapid Construction	\$1,298,341	\$ -	\$1,298,431
Incline Creek Restoration Awarded for September 2019 start date			
Aspen Developers Corp.	\$ 273,000	\$ -	\$ 273,000
Cardno, Inc.	37,000	-	37,000

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. The timeframe for a decision is unknown.

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.

Committed Fund Balance

10. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The authorization specifying the purposes for which amounts can be used should have the consent of both the legislative and executive branches of the government, if applicable. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

11. In contrast to fund balance that is restricted by enabling legislation, as discussed in paragraph 9, amounts in the committed fund balance classification may be redeployed for other purposes with appropriate due process, as explained in paragraph 10. Constraints imposed on the use of *committed* amounts are imposed by the government, separate from the authorization to raise the underlying revenue. Therefore, compliance with constraints imposed by the government that *commit* amounts to specific purposes is not considered to be legally enforceable, as defined in paragraph 9.

12. The formal action of the government's highest level of decision-making authority that commits fund balance to a specific purpose should occur prior to the end of the reporting period, but the amount, if any, which will be subject to the constraint, may be determined in the subsequent period.

Assigned Fund Balance

13. Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for stabilization arrangements, as discussed in paragraph 21. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

14. Both the committed and assigned fund balance classifications include amounts that have been constrained to being used for specific purposes by actions taken by the government itself. However, the authority for making an assignment is not required to be the government's highest level of decision-making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to the committed fund balance classification. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Some governments may not have both committed and assigned fund balances, as not all governments have multiple levels of decision-making authority.

15. Assigned fund balance includes (a) all remaining amounts (except for negative balances, as discussed in paragraph 19) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose in accordance with the provisions in paragraph 13. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt

service, or permanent fund, the government has *assigned* those amounts to the purposes of the respective funds. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the government itself. However, governments should not report an assignment for an amount to a specific purpose if the assignment would result in a deficit in unassigned fund balance.

16. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. As discussed in paragraph 15, assignments should not cause a deficit in unassigned fund balance to occur.

Unassigned Fund Balance

17. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance, as discussed in paragraph 19.

Classifying Fund Balance Amounts

18. Fund balance classifications should depict the nature of the net resources that are *reported* in a governmental fund. An individual governmental fund could include

NUMBER 18

Irrelevant/and or lack of disclosure in 2019 CAFR Note 1J -Capital Assets - Significant Accounting Policies

1) A substantial amount of information disclosed in Note 1J have nothing to do with Significant Accounting Policies

2) Expansive information is provided for the General Fund, the Community Services Special Revenue Fund and the Utility Fund regarding the types of capital assets. There is NO INFORMATION on the Beaches.

3) A complete long paragraph on Defensible Space is provided wherein all costs are expensed and has no relevance to capital projects

4) Information on Water Rights have been disclosed by no information on the extensive Land Coverage held by IVGID. See Exhibit A. Neither are accounting policies

4) Interest is NOT capitalized for assets used in business -type activities funded by debt. The only business type activity is the Utility Fund. There is no known capitalization of interest.

THE INFORMATION PRESENT IN NOTE J IS NOT ACCOUNTING POLICIES (other than depreciation) . THE INFORMATION SHOULD BE INCLUDED IN NOTE 4 - CAPITAL ASSETS. Depreciation would be more proper in Note 4

Exhibit A - Memorandum dated March 16, 2016 regarding Land Coverage.

NUMBER 19

Failure to comply with GASB #54 (paragraph 27) on required information on Minimum Fund Balance Policies in Notes to Financial Statements.

GASB #54 requirements

"If a governing body has formally adopted a minimum fund balance policy (for example, in lieu of separately setting aside stabilizations amounts), the government should describe in the notes to the financial statements the policy established by the government that sets forth the minimum amount"

Is the intent of GASB to just provide the name of the policy (as IVGID has done in Note 1P (page 41) or should a description of how the policies are determined, the amount, and if compliance is met.

The District's Board of Trustees has adopted a Policy (7.1) and Practice (7.2.0) statement on the Appropriate Level of Fund Balance

According to 2019/2020 Budget adopted on May 23, 2018 minimum Funds Balance Requirements were disclosed as:

General Fund	\$168,000
Community Services Special Revenue Fund	\$3,995,000
Beach Fund	\$420,000
Internal Services Fund	NONE

Utility Fund - The fund is not a governmental fund but an enterprise fund and there is no reporting of a fund balance. Board Policy 7.1 and Practice 7.2 do not apply

The District's Board of Trustees have adopted policy 19.1 and practice 19.2 regarding an Appropriate Level of Working Capital, which may purport to describe a minimum fund balance

Minimum Fund Balance is not described in the Board Policies or Practices.

Obvious proper disclosure would be whether the policies were met

The only information provided is in Note P Fund Balance which states: *"The District's Board of Trustees has adopted a policy and practice statement on the Appropriate Level of Fund Balance."*

NUMBER 20

Improper reporting of proceeds from asset sales

Resolution 1838 clearly defines that any proceeds from the sale of Capital Assets of the Community Services and Beach venues must be recorded as a revenue source in the related Capital Project Funds for Community Services and Beaches.

During fiscal years 2016, 2017 and 2018, according to the CAFR's, \$198,135 of proceeds from the sale of capital assets of Community Services were recorded in the Special Revenue Fund thus violating Board Resolution 1838 which became effective on July 1, 2015.

A memorandum to the IVGID Audit Committee dated 9/3/2019 and a supplemental memorandum dated 9/17/2019 from Clifford F. Dobler and Linda Newman disclosed this improper reporting (Attachments #3 & #4).

On 11/27/2019, Mr. Gerald Eick, Director of Finance, provided a memorandum to the then existing Audit Committee providing an irrelevant explanation as item 7A (Attachment #1). The minutes of the Audit Committee meeting on December 11, 2019 simply indicated that the Auditors Eddie Baily had no concerns and the 2019 CAFR was approved by the Audit Committee (Attachment #2).

Apparently those memorandums fell on deaf ears as the 2019 CAFR (approved on 12-11-2019) and violations of Resolution 1838 continued as \$34,567 of proceeds from sale capital assets continued to be reported in the Community Services Special Revenue Fund. Oddly, another \$5,592 was reported as sales proceeds of Capital Assets in the Capital Project Fund. Go figure.

Over four consecutive years, a total of \$232,702 of resources were improperly reported in the wrong fund.

If the District is to comply with Resolution 1828 and attempt to honor Board decisions, a transfer of \$232,702 should be made from the Community Services Special Revenue Fund to the Community Services Capital Projects Fund to properly reflect requirements of Resolution 1838 and to disclose, in a footnote, to the 2019 CAFR the reason for the transfer.

Attachment #1 - Memorandum dated 11-27-2019

Attachment #2 - Minutes of Audit Committee meeting on December 11,2019

Attachment #3 - Memorandum dated 9-3-2019

Attachment #4 - Memorandum dated 9-17-2019

Attachment #1

MEMORANDUM

TO: Audit Committee Members
Phil Horan, Kendra Wong and Peter Morris

FROM: Gerald W. Eick CPA CGMA
Director of Finance

SUBJECT: Items of Note for the June 30, 2019 Comprehensive Annual Financial Report (CAFR) for Incline Village General Improvement District

DATE: November 27, 2019

There are a number of items of interest or of note for this year's Comprehensive Annual Financial Report. They are being presented for the record for the Committee and the public because of the transition that will occur during the current fiscal year for the Director of Finance position.

1. Prior Period Adjustment for the Workers Compensation Fund Transfers as approved by the Board of Trustees September 25, 2019.

Note 22 on page 56 of the CAFR includes a discussion of the circumstances and consequences of the changes made to the authorization and reporting of the collective three transfers covering the fiscal years ending June 30, 2018 and 2019. It also notes the subsequent effect to the current fiscal year.

The Auditor's Report includes a paragraph noting the Prior Period Adjustment as a correction of an error because the opening Net Position as of June 30, 2018 was affected for multiple funds.

2. Deferred Inflow from the Katz Appeal.

The CAFR was delivered, as complete, by the Auditors on November 18. That is the last day for updating subsequent events. Several days later, the Nevada Supreme Court issued its finding on the appeal filed by Aaron Katz. The finding included awarding the District funds it has held pending the appeal. Note 20 on page 50 of the CAFR has the disclosures known at the time of the close. The effects of the award will become a transaction reported for the 2019-2020 fiscal year and its CAFR. Governmental Funds recognize revenue as it becomes available for use in operations. This item was reported as a Deferred Inflow recognizing it was funds received for a future period.

3. Contingency for Tax Refund Lawsuit against Washoe County.

Note 14 on page 53 of the CAFR reports the District relationship to the ongoing litigation between Washoe County and a citizens group for a second round of Property Tax Refunds by Washoe County. The District is not a direct party to the litigation but a similar prior case had substantial consequence when Washoe County passed through the effects of the refunds for three other years. The current case involves a similar set of circumstances. Recognition of a liability requires the ability to determine an amount and the probability of payment. There was a District Court decision released within the audit period. However, the Washoe County Board of Commissioners has taken an action to file an appeal, although that appeal has not yet been filed, that is enough to require the footnote.

4. Utility Fund Change in Net Position exceeds Budget estimates at June 30, 2019.

The District's Budget form for 2019-2020 Schedule F-1 included estimated Change in Net Position of \$1,930,950. The CAFR reports a Change in Net Position of \$2,650,244. The largest portion of the difference relates to the recognition of \$433,980 of utility billings as earned, when in past years' similar amounts have been unearned. The revenue relates to base fees billed in advance of the service period spanning the year end. Our focus for making these billings unearned has been being billed at the start of a service period. However, further discussion with the Auditors found a more compelling factor is that they are a non-exchange transaction because the billing components are not tied to the receipt of any quantity of water or sewer services. As such, they are considered earned as billed. This is a one-time recognition of this item.

5. Capital Expenditures not included in CAFR due to delays in delivery.

As the District's budget for 2019-2020 was developed, projects in progress were reviewed regarding ability to complete them or be carried over. Two projects expected to be completed to a degree that would have them recognized at June 30, 2019, did not meet those expectations. The Utility Fund replacement of the vactor truck was ordered in December 2018 for delivery in six months; it actually arrived in September. The \$416,564 committed by the order is reported in Note 19 on page 55 of the CAFR. Also reported on that page is the Incline Park Facility Renovation construction contract for \$1,298,341.; this project actually started July 9. Since it is grant funded, neither the costs nor the revenue have been included at June 30, 2019. These items will be reported for the fiscal year June 30, 2020.

Given the changes in the timing of unrelated projects, the added expenditures should not affect budget totals for that year.

6. Enhanced Footnote Disclosures for Cash and Investments and Long Term Debt.

The footnotes are designed to support information contained in the basic financial statements. The CAFR includes District-wide and individual fund statements as well as referring to activities and functions. To aid in understanding the details in the Cash and Investments and the Long Term Debt Footnotes, additional information is presented in 2019 to identify amounts reported in different combinations.

The Cash and Investment footnote for 2018, and now for 2019, also inform users about the District choice to utilize the Local Government Investment Pool (LGIP) as an element of its cash and cash equivalents. This choice is allowed under Governmental Accounting Standards Board (GASB) guidance other than the GASB original pronouncement. This District made this choice in 2018 when it returned to using a certificate of deposit ladder for investments over multiple years for its longer term capital expenditure needs. We used the LGIP to retain liquidity for a large volume of capital projects in those years while also getting a good rate of return. For 2019-2020, much of that timing has changed. With recent changes by the Federal Reserve Bank intermediate term interest rates, and the probability of more precise determination of timing for projects, the amount of cash and equivalents may shift back to more investment. The LGIP may be used for that purpose. The current format of the footnote can accommodate whichever choice is made.

7. Other Matters for the Audit Committee.

In the course of the year and audit process, comments have been addressed to the Audit Committee by members of the community. To the extent necessary they are addressed by the Auditors, Staff, other addressees, and, if necessary, the Audit Committee. These comments often disagreed with the process or choice used by the District. The District's methods are acceptable to the Auditors and State regulators. If they were not, they would be reported in the Audit.

- | |
|---|
| <p>A. Proceeds from sales of assets by Special Revenue funds are received and reported because those funds own the assets. This may not be readily apparent because it is only reported in the reconciliation from fund</p> |
|---|

statements to District-wide financial statements. Coverage sales went to Capital Projects.

- B. The Central Services Cost Allocation Plan follows State guidance to share defined costs in the General Fund between operating governmental and enterprise funds. All factors for the allocation are presented to demonstrate consistency across funds and fund type in the calculation of amount allocated. Therefore, more than just the part for the enterprise fund is shown to demonstrate consistent application of the allocation.
- C. To date we have no complaints sent by District employees to the Audit Committee through the email account monitored by the District Clerk. Further, no employee has approached the Audit Committee Chair to discuss any concerns they might have.

Attachment #2

Minutes
Meeting of December 11, 2019
Page 2

C. APPROVAL OF AGENDA (for possible action)

Trustee Kendra Wong asked for changes to the agenda; none were requested therefore the agenda is approved as submitted.

D. GENERAL BUSINESS ITEM (for possible action)

- 1. Review, discuss and possibly approve the Presentation and Acceptance of June 30, 2019 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor (Requesting Trustee: Chairman of the Audit Committee Phil Horan)**

Director of Finance Gerry Eick gave an overview of the submitted report and introduced the Audit Manager Tiffany Williamson, Eide Bailly, and turned over the presentation to Ms. Williamson who went over their materials within the report.

Trustee Morris asked if Ms. Williamson was aware of the concerns made by members of the public and how they are or are not recorded and could she comment on the receipt of those communications and how that did or did not change anything in the audit. Ms. Williamson said that her team reviewed all of them, discussed all of them with the Audit Chair, received materials from Staff, and it was their conclusion that there were no concerns with these concerns expressed by the public. Trustee Morris followed up by asking if there were any concerns expressed to management; Ms. Williamson responded no, none.

Director of Finance Eick went over the items of the note included in the packet.

Trustee Morris said that this is clearly a one time event so Staff is doing this one time and that this is a one time change from what we used to do and what we will be doing this point forward. Director of Finance Eick said yes, we will be reporting it this way from this point forward.

Trustee Morris said referencing agenda packet page 5, Workers Compensation, that this was the final step that the Board agreed to and there weren't any new changes. Director of Finance Eick said

there were no changes to the amounts of the transaction and it didn't change dollar amounts or which fund held them at different points in sequence. Trustee Morris asked about item 3, the Washoe County item, when will we pay that out ultimately. Director of Finance Eick said it will be paid for by the General Fund and that he believes that is appropriate for two reasons – one, general fund receives ad valorem taxes and two, the nature of the order and refund is about that tax and none of the other funds have received those monies as it should clearly be in the general funds. He will leave some notes for what we can do and that the General Fund will have to trade off some future items. Trustee Morris said, right now, in round numbers, is it around \$1.2 million dollars. Director of Finance Eick said the last time it was done, it took three (3) years to do it and cost us \$1.245 million dollars so his rough estimate, using the court order, and we will have to see where it is going and similar number to last time at \$1.25 million dollars, we have fund balance of three million dollars which we thought might go to a building. It will be noticeable but the General Fund has the best opportunity to do this payback. Trustee Morris said, referencing agenda packet page 8, item C, that he appreciates Staff setting that up e-mail and asked if it was well published. Director of Finance Eick said when it was created, we asked every one of the Senior Managers to announce it to their Staff. He made written notice, in the audit report, and on the Intranet; employees are aware that it exists.

Trustee Morris made a motion that the District's Audit Committee accept and recommend to the Board of Trustees approval and acceptance of the June 30, 2019 unmodified audit report, direct Staff to file the Comprehensive Annual Financial Report (CAFR) with the State of Nevada, and make it generally available for public use. Trustee Wong seconded the motion. Trustee Wong asked for any further comments, hearing none, she called the question - the motion was passed unanimously.

2. **Review, discuss, and possibly approve the designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2020 – Eide Bailly, LLP at a cost of \$58,500 (the last year of a five year contractual obligation) (Requesting Trustee: Chairman of the Audit Committee Phil Horan)**

Director of Finance Eick went over the submitted materials.

Attachment #3

MEMORANDUM

TO: IVGID Audit Committee Chair Trustee Phil Horan

CC: IVGID Board Chair and Member of the Audit Committee Kendra Wong
IVGID Board Treasurer and Member of the Audit Committee Peter Morris
IVGID Board Secretary Tim Callicrate
IVGID Trustee Matthew Dent
IVGID Interim General Manager Indra Winquist
Eide Bailly Audit Engagement Partner Dan Carter
Deputy Director Jeffrey Mitchell, Nevada Department of Taxation

FROM: Clifford F. Dobler and Linda Newman

DATED: September 3, 2019

SUBJECT: Incorrect and Improper Reporting of Financial Information in the IVGID Comprehensive Annual Financial Report ("CAFR") for fiscal year 2018

Dear Audit Committee Chair Horan;

The above referenced CAFR on pages 25 and 28 incorrectly reported \$85,562 from the sale of Capital Assets as other financing sources in the Community Services Special Revenue Fund. According to Resolution 1838 which was adopted by the Board of Trustees and in effect as of July 1, 2015, any sale of capital assets must be reported in the Community Services Capital Projects Fund. Please note that the table on page 3 of Resolution 1838 was poorly drafted and misstated the Community Services Capital Projects Fund as the Community Services Capital Expenditure Fund. Apparently, there was no review by an attorney. To be perfectly clear, the sale of capital assets is a source of revenues for the Community Services Capital Project Fund and must be reported as revenues in the Community Services Capital Project Fund. These revenues CANNOT be reclassified as "other financing sources" in the Community Services Special Revenue Fund.

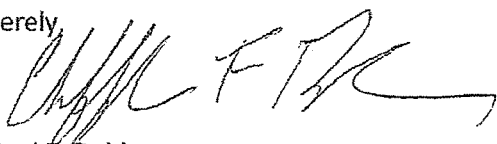
This improper reporting also does not comply with Governmental Accounting Standards Board Statement ("GASB") #54 Paragraph 33, which states that "financial resources which are restricted, committed or assigned to expenditures for capital outlays" must be reported in Capital Project Funds. Once again, the Board Resolution establishing the Community Services Capital Projects Fund restricts, commits or assigns the sale of capital assets as financial resources for the Capital Projects Fund. These resources cannot be reclassified as "other financing sources" for a different fund.

Last, but not least, it is clear that such improper reporting most likely violates NRS 354.570 as Special Revenue Funds cannot report revenue sources for major capital projects. Since the sale of the capital assets, if properly recorded, would have been part of all revenue sources in the Community Services Capital Projects Fund and without a definition of "major capital project" we would also conclude that reporting the sales of Capital Assets in the Special Revenue Fund would not comply with NRS 354.570.

Improperly reporting the sale of Capital Assets in the Community Services Special Revenue Fund rather than correctly reporting the sale in the Community Services Capital Projects Fund violates generally accepted accounting principles. It also materially misstates the total revenues in the Community Services Capital Projects Fund. As you can see on page 57 of the CAFR, the District has only reported \$1,980 for the Sales of Assets in the Capital Projects Fund and combined with Charitable-Capital Grants reflects total Revenues of \$158,755. The omission of the \$85,562 from the sale of assets has resulted in understating the Capital Projects Fund revenues by 35%. Failure to comply with generally accepted accounting principles and materially understating revenues requires the restatement of the 2018 Comprehensive Annual Financial Report. It is your responsibility as Audit Committee Chair to notify our Auditor Eide Bailly, LLC immediately.

Please acknowledge receipt of this memorandum and advise at your earliest convenience the actions you are taking to ensure that this matter is properly addressed.

Sincerely,



Clifford F. Dobler

email: cfdobler@aol.com

mobile: 775-722-4487



Linda Newman

email: linda@marknewman.net

mobile: 775-225-1836

Exhibits:

Exhibit "A" - Pages 25 & 28 of the 2018 Comprehensive Annual Financial Report as of June 30, 2018

Exhibit "B" - Resolution 1838 adopted by IVGID Board of Trustees effective July 1, 2015

Exhibit "C" - Pages 14 & 15 of GASB #54 Paragraph 33

Exhibit "D" - NRS 354.570: Definition of Special Revenue Fund

Exhibit "E" - Page 57 of the 2018 Comprehensive Annual Financial Report as of June 30, 2018

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Ad valorem taxes	\$ 1,521,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,521,623
Personal Property Tax	12,671	-	-	-	-	-	-	12,671
Intergovernmental	-	-	-	-	-	-	-	-
Consolidated taxes	1,388,529	-	-	-	-	-	-	1,388,529
Local Government Tax Act	248,721	-	-	-	-	-	-	248,721
Services	-	20,220	-	-	-	-	-	20,220
Charges for Services	-	14,632,554	1,266,613	-	-	-	-	15,899,167
Interfund Services	-	74,014	-	-	-	-	-	74,014
Facility Fees - Operations	-	1,759,641	657,842	-	-	-	-	2,417,483
Facility Fees - Capital Expenditure	-	2,700,812	301,833	-	-	-	-	3,002,645
Facility Fees - Debt Service	-	1,309,499	7,739	-	-	-	-	1,317,238
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	-	-	156,775	-	-	-	156,775
Investment income	89,960	69,303	3,288	-	-	-	-	162,551
Miscellaneous	2,033	109,462	-	-	-	-	-	111,495
Total revenues	<u>3,266,537</u>	<u>20,692,535</u>	<u>2,236,345</u>	<u>156,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,352,162</u>
EXPENDITURES								
GENERAL GOVERNMENT								
Manager	355,012	-	-	-	-	-	-	355,012
Troopers	176,450	-	-	-	-	-	-	176,450
Accounting	833,348	-	-	-	-	-	-	833,348
Information Services	820,658	-	-	-	-	-	-	820,658
Risk Management	127,032	-	-	-	-	-	-	127,032
Human Resources	597,875	-	-	-	-	-	-	597,875
Health & Wellness	24,594	-	-	-	-	-	-	24,594
Community & Employee Relations	188,682	-	-	-	-	-	-	188,682
Administration	462,552	-	-	-	-	-	-	462,552
Central Services Cost Allocation Income	(1,094,000)	-	-	-	-	-	-	(1,094,000)
Capital Outlay	115,813	-	-	-	-	-	-	115,813
RECREATION								
Championship Golf	-	4,055,782	-	-	-	-	-	4,055,782
Mountain Golf	-	972,171	-	-	-	-	-	972,171
Facilities	-	448,797	-	-	-	-	-	448,797
Ski	-	7,034,327	-	-	-	-	-	7,034,327
Community Programming and Recreation Center	-	2,232,105	-	-	-	-	-	2,232,105
Parks	-	818,298	-	-	-	-	-	818,298
Tennis	-	228,530	-	-	-	-	-	228,530
Recreation Administration	-	357,498	-	-	-	-	-	357,498
Beach	-	-	1,619,746	-	-	-	-	1,619,746
Capital Outlay	-	-	-	3,985,926	221,348	-	-	4,207,174
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	1,184,494	5,506	1,190,000
Interest	-	-	-	-	-	103,846	731	104,577
Total expenditures	<u>2,606,016</u>	<u>16,137,438</u>	<u>1,619,746</u>	<u>3,985,926</u>	<u>221,348</u>	<u>1,288,340</u>	<u>6,237</u>	<u>25,781,011</u>
Excess revenues (expenditures)	660,521	4,555,107	616,599	(3,749,151)	(221,248)	(1,285,340)	(6,237)	570,221
OTHER FINANCING SOURCES:								
Sale of Capital Assets	16	85,562	857	1,980	-	-	-	88,415
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(2,988,812)	(301,833)	2,700,812	301,833	-	-	-
Transfers In (Out) - Facility Fees for Debt Service	-	(1,309,499)	(7,739)	-	-	1,309,499	7,739	-
Transfers In (Out) - From (to) Other Sources	-	(385,000)	35,000	950,000	-	-	-	600,000
Net change in fund balance	660,537	325,328	342,854	(16,359)	80,585	24,159	1,502	1,338,636
Fund balance, July 1	1,862,249	10,380,141	1,070,237	2,423,806	5,155	27,394	3,104	15,712,086
Fund balance, June 30	<u>\$ 2,522,786</u>	<u>\$ 10,645,469</u>	<u>\$ 1,413,091</u>	<u>\$ 2,327,477</u>	<u>\$ 85,740</u>	<u>\$ 51,553</u>	<u>\$ 4,606</u>	<u>\$ 17,050,722</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, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 3,687,462	\$ 3,687,462	\$ 3,763,372	\$ 75,910
Mountain Golf	683,670	683,670	632,261	(51,409)
Facilities	358,225	358,225	355,696	(2,529)
Ski	8,268,215	9,118,215	9,155,646	37,431
Community Programming and Recreation Center	1,266,772	1,266,772	1,289,953	23,181
Parks	54,400	54,400	48,910	(5,490)
Tennis	167,500	167,500	145,197	(22,303)
Recreation Administration	(510,000)	(510,000)	(758,481)	(248,481)
Subtotal Charges for Services	13,976,244	14,826,244	14,632,554	(193,690)
Facility Fees - Operations	1,761,710	1,761,710	1,759,641	(2,069)
Facility Fees - Capital Projects	2,704,020	2,704,020	2,700,842	(3,178)
Facility Fees - Debt Service	1,311,040	1,311,040	1,309,499	(1,541)
Intergovernmental Services	31,100	31,100	20,220	(10,880)
Interfund Services	91,000	91,000	74,014	(16,986)
Operating Grants	17,000	17,000	17,000	-
Investment income	48,000	48,000	69,303	21,303
Miscellaneous - other	86,400	86,400	109,462	23,062
Total revenues	<u>20,026,514</u>	<u>20,876,514</u>	<u>20,692,535</u>	<u>(183,979)</u>
EXPENDITURES				
COMMUNITY SERVICES RECREATION:				
Championship Golf	3,868,494	3,868,494	4,055,702	(187,208)
Mountain Golf	1,035,767	1,035,767	972,171	63,596
Facilities	497,074	497,074	448,797	48,277
Ski	6,701,155	7,071,155	7,024,327	46,828
Community Programming and Recreation Center	2,314,961	2,314,961	2,232,105	82,856
Parks	850,849	850,849	818,298	32,551
Tennis	278,428	278,428	228,530	49,898
Recreation Administration	428,446	428,446	357,498	70,948
Total expenditures	<u>15,975,174</u>	<u>16,345,174</u>	<u>16,137,428</u>	<u>207,746</u>
Excess (deficiency) of revenues over expenditures	<u>4,051,340</u>	<u>4,531,340</u>	<u>4,555,107</u>	<u>23,767</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	645,000	645,000	645,000	-
Sale of assets	-	-	85,562	85,562
Contingency	(475,000)	(475,000)	-	475,000
Operating Transfers (Out) - Capital Projects	(5,604,020)	(5,604,020)	(3,650,842)	1,953,178
Operating Transfers (Out) - Debt Service	(1,311,040)	(1,311,040)	(1,309,499)	1,541
Total other financing sources (uses)	<u>(6,745,060)</u>	<u>(6,745,060)</u>	<u>(4,229,779)</u>	<u>2,515,281</u>
Net changes in fund balance	(2,693,720)	(2,213,720)	325,328	2,539,048
Fund Balance, July 1	<u>9,835,803</u>	<u>10,320,141</u>	<u>10,320,141</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,142,083</u>	<u>\$ 8,106,421</u>	<u>\$ 10,645,469</u>	<u>\$ 2,539,048</u>

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



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

WHEREAS, pursuant to Nevada Administrative Code (NAC) Section 354.241, a local government is required to adopt a Resolution to create a fund types covered by Nevada Revised Statute 354.624 5 (a); and

WHEREAS, the District Community Services and Beach Funds provides services as defined under Nevada Revised Statute (NRS) 318, which in effect requires the use of those Fund's fund balance for a specific purpose; and

WHEREAS, on December 10, 2014, the Board of Trustees directed staff to apply for approval of the District's 2015-16 budget by the Nevada Department of Taxation utilizing Special Revenue, Capital Projects and Debt Service Fund accounting for Community Services and the Beach Funds; and

WHEREAS, the District expects to receive notice that its budget is found to be in compliance with NRS 354.598 by the Nevada Department of Taxation.

NOW, THEREFORE, IT IS ORDERED, as follows:

1. Effective July 1, 2015 the Incline Village General Improvement District, Nevada shall establish the governmental fund type Special Revenue, Capital Projects and Debt Service Funds for use by its Community Services and Beach Funds.
2. The table on the last page of this Resolution contains the required elements 1-4 and 6-7 under NAC 354.241, element 5 is met by the existing fund balance of the affected funds.



RESOLUTION NO. 1838

**A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL
REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY
SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA
ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF
JULY 1, 2015**

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 21st day of May, 2015, by the following vote:

AYES, and in favor thereof, Trustees:

NOES, Trustees:

ABSENT; Trustees:

Jim Hammerel
Secretary, IVGID Board of Trustees



GENERAL IMPROVEMENT DISTRICT
ONE DISTRICT - ONE TEAM

RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

Fund Name	Purpose	Source of Revenues	Short-term Expenditures	Long-term Expenditures	Plan for Fund Balance	Adequacy of Fund Balance
Community Services – Special Revenue	Recreational activities conducted by the District under NRS 318, other than Beach locations	User fees, stand by charges, rents, grant, investment earnings and other income	Operating expenditures to provide recreational activities	Transfers out to capital purchases and debt service to support recreational activities	Meet the minimum necessary to maintain District recreational activities	Consider the District's Board Policy on Appropriate Level of Fund Balance
Community Services – Capital Expenditure	Capital expenditures related to recreational activities conducted by the District under NRS 318, other than Beach locations	Sales of coverage and capital assets and transfers from the Community Services Special Revenue Fund	Operating expenditures related to Community Services capital expenditures	Capital purchases to support Community Services recreational activities	Meet the minimum necessary to execute Community Services capital purchases	Consider the District's Board Policy on Appropriate Level of Fund Balance
Community Services – Debt Service	Debt service expenditures related to recreational activities conducted by the District under NRS 318, other than Beach locations	Transfer from the Community Services Special Revenue Fund	Operating expenditures related to Community Services debt service expenditures	Debt service expenditures to support Community Services recreational activities	Meet the minimum necessary to execute Community Services debt service expenditures	Consider the District's Board Policy on Appropriate Level of Fund Balance
Beach – Special Revenue	Recreational activities conducted by the District under NRS 318 for Beach locations	User fees, stand by charges, rents, grant, investment earnings and other income	Operating expenditures to provide Beach recreational activities	Transfers out to capital purchases and debt service to support Beach recreational activities	Meet the minimum necessary to maintain District Beach recreational activities	Consider the District's Board Policy on Appropriate Level of Fund Balance
Beach – Capital Expenditure	Capital expenditures related to recreational activities conducted by the District under NRS 318 for Beach locations	Sales of coverage and capital assets and transfers from the Beach Special Revenue Fund	Operating expenditures related to Beach capital expenditures	Capital purchases to support Beach recreational activities	Meet the minimum necessary to execute Beach capital purchases	Consider the District's Board Policy on Appropriate Level of Fund Balance
Beach – Debt Service	Debt service expenditures related to recreational activities conducted by the District under NRS 318 for Beach locations	Transfer from the Beach Special Revenue Fund	Operating expenditures related to Beach debt service expenditures	Debt service expenditures to support Beach recreational activities	Meet the minimum necessary to execute Beach debt service expenditures	Consider the District's Board Policy on Appropriate Level of Fund Balance

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.

Exhibit "D"

`NRS 354.570 "Special revenue fund" defined. "Special revenue fund" means a fund used to account for specific revenue sources, other than sources for major capital projects, which are restricted by law to expenditure for specified purposes

**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, 2018**

	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES					
Sales of Assets	\$ -	\$ -	\$ 1,980	\$ 1,980	
Charitable - Capital Grants	-	-	156,775	156,775	
Total revenues	-	-	158,755	158,755	
EXPENDITURES					
COMMUNITY SERVICES RECREATION:					
Championship Golf	New projects	570,100	570,100	538,138	31,962
	Carryover projects	255,550	255,550	125,983	129,567
Mountain Golf	New projects	413,000	413,000	312,024	100,976
	Carryover projects	184,450	184,450	90,931	93,519
Facilities	New projects	109,950	109,950	105,273	4,677
	Carryover projects	149,000	149,000	93,331	55,669
Ski	New projects	2,305,122	2,305,122	1,525,333	779,789
	Master Plan	690,000	690,000	7,422	682,578
	Carryover projects	418,000	418,000	281,266	136,734
Community Programming	New projects	194,130	194,130	71,100	123,030
	Carryover projects	113,000	113,000	-	113,000
Parks	New projects	268,000	268,000	498,206	(230,206)
	Carryover projects	177,000	177,000	103,107	73,893
Tennis	New projects	46,660	46,660	5,000	41,660
	Carryover projects	20,000	20,000	-	20,000
Comm. Serv. Administration	New projects	95,000	95,000	76,926	18,074
	Carryover projects	208,000	208,000	71,886	136,114
Total expenditures		6,216,962	6,216,962	3,905,926	2,311,036
Excess (deficiency) of revenues over expenditures		(6,216,962)	(6,216,962)	(3,747,171)	2,469,791
OTHER FINANCING SOURCES					
Operating Transfers In - Facility Fees		2,704,020	2,704,020	2,700,842	(3,178)
Operating Transfers In - CIP		2,900,000	2,900,000	950,000	(1,950,000)
Total other financing sources		5,604,020	5,604,020	3,650,842	(1,953,178)
Net changes in fund balance		(612,942)	(612,942)	(96,329)	516,613
Fund Balance, July 1		2,284,781	2,284,781	2,423,806	139,025
Fund balance, June 30		\$ 1,671,839	\$ 1,671,839	\$ 2,327,477	\$ 655,638

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.

Attachment #4

MEMORANDUM

TO: IVGID Audit Committee Chair Trustee Phil Horan

CC: IVGID Board Chair and Member of the Audit Committee Kendra Wong
IVGID Board Treasurer and Member of the Audit Committee Peter Morris
IVGID Board Secretary Tim Callicrate
IVGID Trustee Matthew Dent
IVGID Interim General Manager Indra Winquist
Eide Bailly Audit Engagement Partner Dan Carter
Deputy Director Jeffrey Mitchell, Nevada Department of Taxation

FROM: Clifford F. Dobler and Linda Newman

DATED: September 17, 2019

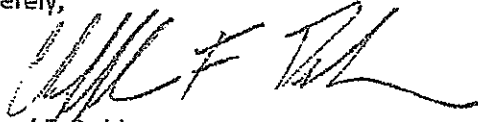
SUBJECT: Supplement to our September 3, 2019 Memorandum to Report Incorrect and Improper Reporting of Financial Information in the IVGID Comprehensive Annual Financial Report ("CAFR") for fiscal years 2016 and 2017

Dear Audit Committee Chair Horan;

As a supplement to our September 3, 2019 memorandum regarding incorrect and improper reporting of capital asset sales in the 2018 CAFR, we are reporting that the CAFRs for fiscal year 2016 and 2017 have the same improprieties. Sales of Capital Assets were \$34,409 in fiscal 2016 and \$78,264 in fiscal 2017. Both sales were reported in the Community Services Special Revenue Fund in violation of Board Resolution 1838 and GASB Statement #54. (Exhibit A and Exhibit B). These sales should have been reported in the Community Services Capital Project Fund. All information in our September 3, 2019 memorandum should be reviewed in conjunction with this supplement.

From the very first fiscal year the District changed the Community Services and Beach Funds from Enterprise Funds to governmental Special Revenue, Capital Projects and Debt Service Funds, improper accounting and reporting has flourished. Additional reviews of the District's fiscal year CAFRs continues to validate our conclusion that the District has non-existent or completely ineffective internal controls.

Sincerely,



Clifford F. Dobler

email: cfdobler@aol.com

mobile: 775-722-4487



Linda Newman

email: linda@marknewman.net

mobile: 775-225-1836

Exhibits:

Exhibit A - Page 29 of Fiscal Year 2016 CAFR

Exhibit B - Page 27 of Fiscal Year 2017 CAFR

**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, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 3,014,400	\$ 3,014,400	\$ 3,488,229	\$ 473,829
Mountain Golf	654,450	654,450	645,126	(9,324)
Facilities	301,280	301,280	275,156	(26,124)
Ski	6,498,000	9,898,000	10,202,972	304,972
Community Programming and Recreation Center	1,206,502	1,206,502	1,264,177	57,675
Parks	55,900	55,900	59,421	3,521
Tennis	177,300	177,300	166,533	(10,767)
Recreation Administration	(517,500)	(517,500)	(521,179)	(3,679)
Subtotal Charges for Services	11,390,332	14,790,332	15,580,435	790,103
Facility Fees - Operations	2,176,146	2,176,146	2,180,524	4,378
Facility Fees - Capital Projects	2,519,748	2,519,748	2,524,818	5,070
Facility Fees - Debt service	1,276,236	1,276,236	1,278,804	2,568
Intergovernmental Services	19,400	19,400	15,787	(3,613)
Operating Grants	17,000	17,000	18,440	1,440
Investment income	30,000	30,000	58,438	28,438
Sale of assets	-	-	34,409	34,409
Miscellaneous - recovery of capital costs	-	-	236,615	236,615
Miscellaneous - other	184,100	184,100	238,238	54,138
Total revenues	17,612,962	21,012,962	22,166,508	1,153,546
EXPENDITURES				
CURRENT:				
COMMUNITY SERVICES RECREATION:				
Championship Golf	3,214,726	3,214,726	3,526,103	(311,377)
Mountain Golf	966,386	966,386	937,694	28,692
Facilities	435,308	435,308	432,187	3,121
Ski	5,602,106	6,652,106	6,441,024	211,082
Community Programming and Recreation Center	2,227,819	2,227,819	2,228,727	(908)
Parks	772,894	772,894	715,538	57,356
Tennis	273,055	273,055	256,359	16,696
Recreation Administration	325,226	325,226	315,943	9,283
Total expenditures	13,817,520	14,867,520	14,853,575	13,945
Excess (deficiency) of revenues over expenditures	3,795,442	6,145,442	7,312,933	1,167,491
OTHER FINANCING SOURCES (USES)				
Contingency	(200,000)	(200,000)	-	200,000
Operating Transfers (Out) - Capital Projects	(3,433,212)	(3,433,212)	(3,530,675)	(97,463)
Operating Transfers (Out) - Debt Service	(1,284,091)	(1,284,091)	(1,285,185)	(1,094)
Total other financing sources (uses)	(4,917,303)	(4,917,303)	(4,815,860)	101,443
Net changes in fund balance	(1,121,861)	1,228,139	2,497,073	1,268,934
Fund Balance, July 1	5,294,138	5,294,138	5,357,755	63,617
Fund balance, June 30	\$ 4,172,277	\$ 6,522,277	\$ 7,854,828	\$ 1,332,551

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, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 3,571,100	\$ 3,571,100	\$ 3,542,663	\$ (28,437)
Mountain Golf	709,300	709,300	627,986	(81,314)
Facilities	280,100	280,100	387,701	107,601
Ski	7,482,600	10,182,600	11,326,968	1,144,368
Community Programming and Recreation Center	1,242,000	1,242,000	1,274,149	32,149
Parks	54,400	54,400	45,430	(8,970)
Tennis	166,500	166,500	166,577	77
Recreation Administration	(517,500)	(517,500)	(573,542)	(56,042)
Subtotal Charges for Services	12,988,500	15,688,500	16,797,932	1,109,432
Facility Fees - Operations	2,045,500	2,045,500	2,050,534	5,034
Facility Fees - Capital Projects	2,618,240	2,618,240	2,619,078	838
Facility Fees - Debt service	1,309,120	1,309,120	1,309,540	420
Intergovernmental Services	24,900	24,900	22,233	(2,667)
Interfund Services	72,500	72,500	87,711	15,211
Operating Grants	17,000	17,000	17,000	-
Investment income	24,000	24,000	23,608	(392)
Sale of assets	-	-	78,264	78,264
Miscellaneous - other	86,400	86,400	107,820	21,420
Total revenues	19,186,160	21,886,160	23,113,720	1,227,560
EXPENDITURES				
COMMUNITY SERVICES RECREATION:				
Championship Golf	3,721,700	4,026,700	3,944,772	81,928
Mountain Golf	1,013,190	1,071,190	1,002,359	68,831
Facilities	445,810	475,810	498,578	(22,768)
Ski	6,288,251	6,769,251	6,810,598	(41,347)
Community Programming and Recreation Center	2,287,770	2,294,770	2,225,893	68,877
Parks	860,516	899,516	821,033	78,483
Tennis	272,225	272,225	262,369	9,856
Recreation Administration	351,014	351,014	354,357	(3,343)
Total expenditures	15,240,476	16,160,476	15,919,959	240,517
Excess (deficiency) of revenues over expenditures	3,945,684	5,725,684	7,193,761	1,468,077
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	400,000	400,000	400,000	-
Contingency	(450,000)	(450,000)	-	450,000
Operating Transfers (Out) - Capital Projects	(3,369,240)	(3,817,240)	(3,818,908)	(1,668)
Operating Transfers (Out) - Debt Service	(1,309,120)	(1,309,120)	(1,309,540)	(420)
Total other financing sources (uses)	(4,728,360)	(5,176,360)	(4,728,448)	447,912
Net changes in fund balance	(782,676)	549,324	2,465,313	1,915,989
Fund Balance, July 1	7,138,818	7,854,828	7,854,828	-
Fund balance, June 30	\$ 6,356,142	\$ 8,404,152	\$ 10,320,141	\$ 1,915,989

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