

**D.1.b. - Review and discuss
DRAFT 2019/2020 CAFR
audited basic financial
statements, notes, and
management discussion and
analysis (MD&A). (Director of
Finance Navazio)**

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

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

FINANCIAL HIGHLIGHTS

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

- The District's net position as of June 30, 2020 was \$158.20 million and reflects an increase in net position of \$5.23 million over the prior year. Of this amount, a total of \$36.46 million (unrestricted net position) is available to meet the District's future obligations, including future planned capital projects.
- The net position if the District's governmental activities increased by \$3.85 million (to \$79.50 million) and the net position of the District's business-type activities increased by \$1.39 million (to \$78.70 million).
- The District's General Fund reported an ending fund balance, as of June 30, 2020, of \$4.63 million, representing an increase of \$0.86 million over the prior year. Of this amount, a total \$3.11 million represents the unassigned fund balance.
- The District's Community Services Special Revenue Fund ended the year with a fund balance of \$15.11 million, reflecting an increase of \$1.78 million from the prior year; the Beach Special Revenue Fund ended the year with a fund balance of \$2.59 million, reflecting an increase of \$0.78 million from the prior year. The entire fund balance within the District's Community Services and Beach Special Revenue funds are either restricted or assigned for future use to support the District's recreational programs and facility improvements.
- As of June 30, 2020 the District had total bond debt outstanding of \$5.22 million including Utility Revenue Bonds outstanding of \$4.08 million and Recreation Bonds outstanding totaling \$1.14 million. The District retired \$884,988 in bond principal during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

The ***Statement of Net Position*** presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases, in net position, may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items

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

that will only result in cash flows in future fiscal periods. For example, the vacation wages liability recognizes a current cost while payment is in the future.

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

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over fiscal resources that have been segregated for specific activities. The District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements; as such, the principal role of a fund is to demonstrate fiscal accountability. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, the governmental fund financial statement focuses on near-term inflow and outflow of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements.

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

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. As a required supplementary schedule the District has

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

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

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The District's assets exceeded liabilities and deferred inflows of resources by \$158.20 million at June 30, 2020. The largest portion of net position (76.7%) reflects net investment in capital assets (e.g., land, buildings, equipment, construction in progress less accumulated depreciation and bonds that are still outstanding). The District uses these capital assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

Incline Village General Improvement District Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other assets	\$ 23,052,597	\$ 18,211,423.00	\$ 14,656,639	\$ 8,207,132	\$ 37,709,236	\$ 26,418,555
Long Term assets	3,983,781	6,656,389	1,859,956	5,843,465	5,843,737	12,499,854
Net Capital Assets	59,204,694	57,639,775	67,287,303	69,158,284	126,491,997	126,798,059
Total Assets	86,241,072	82,507,587	83,803,898	83,208,881	170,044,970	165,716,468
Liabilities						
Current liabilities	5,733,598	5,477,847	1,559,904	1,815,665	7,293,502	7,293,512
Long-term liabilities	763,685	1,131,683	3,546,231	4,084,938	4,309,916	5,216,621
Total Liabilities	6,497,283	6,609,530	5,106,135	5,900,603	11,603,418	12,510,133
Deferred Inflows of Resources						
Deferred inflows	243,026	242,584	-	-	243,026	242,584
Net Position						
Net investment in capital assets	58,073,008	56,147,092	63,202,365	64,549,358	121,275,373	120,696,450
Restricted	142,135	136,993	322,895	316,611	465,030	453,604
Unrestricted	21,285,620	19,371,388	15,172,503	12,442,309	36,458,123	31,813,697
Total Net Position	\$ 79,500,763	\$ 75,655,473	\$ 78,697,763	\$ 77,308,278	\$ 158,198,526	\$ 152,963,751

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

**Incline Village General Improvement District
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 19,806,964	\$ 23,715,593	\$ 12,564,466	\$ 12,785,742	\$ 32,371,430	\$ 36,501,335
Operating grants	17,000	17,000	-	1,440	17,000	18,440
Capital grants and contributions	1,637,399	267	-	-	1,637,399	267
General Revenues:						
Ad valorem tax	1,722,896	1,622,486	-	-	1,722,896	1,622,486
Consolidated tax	1,719,933	1,690,222	-	-	1,719,933	1,690,222
Facility Fees (Assessed)	6,740,884	6,756,410	-	-	6,740,884	6,756,410
Unrestricted investment earnings	587,208	563,685	298,225	282,484	885,433	846,169
Other	147,862	204,245	(130,244)	15,066	17,619	219,311
Total Revenues	32,380,146	34,569,908	12,732,448	13,084,732	45,112,594	47,654,640
Expenses						
General Government	4,098,751	4,194,237	-	-	4,098,751	4,194,237
Internal Services	2,777,879	3,306,507	-	-	2,777,879	3,306,507
Utility	-	-	11,387,963	10,554,488	11,387,963	10,554,488
Community Services	19,322,183	20,345,198	-	-	19,322,183	20,345,198
Beach	2,001,783	2,142,259	-	-	2,001,783	2,142,259
Total Expenses	28,200,596	29,988,201	11,387,963	10,554,488	39,588,559	40,542,689
Excess Revenue (Expenses)	4,179,550	4,581,707	1,344,485	2,530,244	5,524,035	7,111,951
Transfers In (Out)	(45,000)	(120,000)	45,000	120,000	-	-
Changes in Net Position	4,134,550	4,461,707	1,389,485	2,650,244	5,524,035	7,111,951
Beginning Net Position, as reported	75,655,473	71,073,766	77,308,278	74,778,034	152,963,751	145,851,800
Prior Period Adjustment	(289,260)	120,000	-	(120,000)	(289,260)	-
Beginning Net Position, as adjusted	75,366,213	71,193,766	77,308,278	74,658,034	152,674,491	145,851,800
Ending Net Position	\$ 79,500,763	\$ 75,655,473	\$ 78,697,763	\$ 77,308,278	\$ 158,198,526	\$ 152,963,751

Governmental-wide Financial Analysis (continued)

Governmental activities increased the Districts' net position by \$3,845,290. Activities for the year ended June 30, 2020 contributed \$4.13 million toward ending net position, however this amount was offset by a prior year adjustment of \$289,260 related to reclassification of capital work in process (Parks Master Plan) to expense.

Incline Village General Improvement District Governmental Activities Revenues

	2020		2019	
Property taxes	\$ 1,722,896	5%	\$ 1,622,486	5%
Combined taxes	1,719,933	5%	1,690,222	5%
Charges for Services - Community Service	15,563,563	48%	17,748,644	51%
Charges for Services - Beach	1,619,582	5%	1,492,687	4%
Charges for Services - Internal Services	2,623,819	8%	4,474,262	13%
Facility Fees - Community Services	5,774,067	18%	5,781,289	17%
Facility Fees - Beach	966,817	3%	975,121	3%
Operating Grants	17,000	0%	17,000	0%
Capital Grants	1,637,399	1%	267	0%
Unrestricted investment earnings	587,208	2%	563,685	2%
Miscellaneous revenues	387,724	1%	204,245	0%
Total general revenues	\$ 32,620,008	100%	\$ 34,569,908	100%

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

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

IVGID Facility Fees

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

Governmental-wide Financial Analysis (continued)

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

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

**Incline Village General Improvement District
Governmental Activities Functional Expenses**

	<u>2020</u>	<u>2019</u>
Manager	407,666	\$418,829
Trustees	168,531	175,882
Accounting	914,959	884,240
Information Services	735,979	828,368
Risk Management	-	137,019
Human Resources	882,543	682,394
Health & Wellness	33,532	28,816
Community & Employee Relations	118,664	194,398
Administration	537,961	583,203
Depreciation	306,683	261,088
Total General Government	<u>\$ 4,106,518</u>	<u>\$ 4,194,237</u>
Fleet	\$1,111,184	\$1,146,886
Engineering	639,450	631,999
Buildings Maintenance	873,185	1,022,743
Works Compensation	-	504,879
Total Internal Services	<u>\$2,623,819</u>	<u>\$ 3,306,507</u>
Championship Golf	4,695,490	\$4,985,709
Mountain Golf	2,553,509	1,155,483
Facilities	541,336	678,964
Ski	7,804,235	9,098,677
Recreation and Community Programming	2,434,387	2,634,298
Parks	2,711,215	1,082,530
Tennis	476,651	302,493
Recreation Administration	483,406	407,144
Total Community Services	<u>21,700,229</u>	<u>\$20,345,198</u>
Total Beach	<u>\$ 1,846,693</u>	<u>\$2,142,259</u>

Business-type activities: Business-type activities increased their net position by \$1,389,485 over the past fiscal year. The Utility Fund historically has little fluctuation in its activity from year-to-year, and as an essential service (water, sewer and solid waste) was somewhat insulated from operational impacts related to the COVID-19 pandemic. The Utility Fund's increase in net position continues to result largely from utility rate revenues collected in support of a major pending capital project to replace sections of the effluent pipeline. Capital expenditures for the year were \$1,657,757, while depreciation expense was \$3,370,510. Principal reduction on bonds was \$509,678.

FINANCIAL ANALYSIS OF DISTRICT FUNDS

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

Governmental Funds: The focus of the District's governmental funds is to provide information on current inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance of \$3,568,844 may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the

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

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

The District's recreational programming is conducted under two activities; they are Community Services and Beach. As a result of a deed restriction, a distinct constituency is served by the Beach fund and thus its inflows and outflows are measured separately to demonstrate compliance. The Community Services Special Revenue Fund Balance increased to \$15,108,742. The Beach Special Revenue Fund Balance increased to \$2,519,632

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

General Fund Budgetary Highlights

General Fund functional expenditures performed better to budget by \$1,164,565; however a \$300,000 transfer was recorded representing the last allocation of Workers' Compensation self-insurance balances re-allocated to other funds. This results in a net change in fund balance of \$864,565 as of June 30, 2020

(Narrative for budget to actual results)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Incline Village General Improvement District's investment in capital assets for its governmental and business-type activities, as of June 30, 2020 amounts to \$126,491,999 (net of accumulated depreciation). Investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and recreation facilities. Readers desiring more information, with respect to capital asset activity, should see Note 4 to the financial statements.

Incline Village General Improvement District Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land - Governmental Activities	\$ 17,290,328	\$ 16,971,753		\$ -	\$ 17,290,328	\$ 16,971,753
Construction in Progress - Governmental Activities	2,974,576	2,157,103		-	2,974,576	2,157,103
Land - Utility Activities	-	-	6,715,544	6,715,544	6,715,544	6,715,544
Construction in Progress - Utility Activities	-	-	1,607,772	1,418,052	1,607,772	1,418,052
Buildings and Improvements	940,929	913,462	-	-	940,929	913,462
Equipment and Vehicles	1,914,477	1,647,472	-	-	1,914,477	1,647,472
Internal services equipment furniture and fixtures	253,869	253,869	-	-	253,869	253,869
Utility service infrastructure	-	-	114,599,557	113,807,857	114,599,557	113,807,857
Utility buildings and improvements	-	-	15,596,832	15,503,863	15,596,832	15,503,863
Utility equipment, furniture and fixtures	-	-	3,882,231	3,696,213	3,882,231	3,696,213
Community services buildings and improvements	67,284,042	64,695,501	-	-	67,284,042	64,695,501
Community services equipment, furniture and fixtures	12,351,356	11,942,698	-	-	12,351,356	11,942,698
Beach buildings and improvements	4,974,831	4,957,906	-	-	4,974,831	4,957,906
Beach equipment, furniture and fixtures	610,456	569,383	-	-	610,456	569,383
Total Cost	108,594,865	104,109,147	142,401,936	141,141,529	250,996,801	245,250,676
Accumulated Depreciation	(49,390,170)	(46,469,372)	(75,114,631)	(71,983,245)	(124,504,802)	(118,452,617)
Capital Assets, Net	\$ 59,204,695	\$ 57,639,775	\$ 67,287,304	\$ 69,158,284	\$ 126,491,999	\$ 126,798,059

Long-term debt: At the end of the current fiscal year, the District had total bonded debt outstanding of \$5,221,938, including \$4,084,038 in outstanding Utility Revenue Bonds and \$1,137,000 in outstanding Recreation Bonds. Of the total amount of long-term debt outstanding, \$4,285,637 comprises debt backed by the full faith and credit of the District, with the source for repayment being revenues from charges for services (including assessed facility fees). The remainder of the District debt, \$936,301, represents bonds secured solely by specified utility rate revenue sources.

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

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

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

Readers desiring more information, with respect to the District's debt, should see Note 8 to the financial statements.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

PENDING

REQUEST OF INFORMATION

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,600,567	\$ 9,415,167	\$ 26,015,734
Short term investments	4,801,614	3,791,702	8,593,316
Receivables:			
Accounts receivable, net	7,165	1,268,002	1,275,167
Interest on investments	33,822	17,560	51,382
Taxes and Fees from Washoe County	38,914	-	38,914
Grants Receivable	371,079	12,881	383,960
Due from other governments	466,730	-	466,730
Inventories	557,257	151,327	708,584
Prepaid items	175,449	-	175,449
Long term investments	3,598,620	1,537,061	5,135,681
Restricted assets:			
Restricted Deposits	385,161	322,895	708,056
Capital assets:			
Land	17,290,327	6,715,544	24,005,871
Construction in progress	2,974,576	1,607,772	4,582,348
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	38,939,791	58,963,987	97,903,778
Total assets	<u>86,241,072</u>	<u>83,803,898</u>	<u>170,044,970</u>
LIABILITIES			
Accounts payable	2,215,583	355,031	2,570,614
Accrued personnel costs	1,587,807	444,160	2,031,967
Accrued interest payable	11,235	54,080	65,315
Due to other governments	17,517	-	17,517
Unearned revenue	1,533,456	167,926	1,701,382
Noncurrent liabilities:			
Due within one year	368,000	538,707	906,707
Due in more than one year	763,685	3,546,231	4,309,916
Total liabilities	<u>6,497,283</u>	<u>5,106,135</u>	<u>11,603,418</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow	<u>243,026</u>	<u>-</u>	<u>243,026</u>
NET POSITION			
Net investment in capital assets	58,073,008	63,202,365	121,275,373
Restricted	142,135	322,895	465,030
Unrestricted	21,285,620	15,172,503	36,458,123
Total net position	<u>\$ 79,500,763</u>	<u>\$ 78,697,763</u>	<u>\$ 158,198,526</u>

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,098,751	\$ -	\$ -	\$ -	\$ (4,098,751)	\$ -	\$ (4,098,751)
Community Services	19,322,183	15,563,563	17,000	1,637,399	(2,104,221)	-	(2,104,221)
Beach	2,001,783	1,619,582	-	-	(382,201)	-	(382,201)
Internal Services Fund	2,777,879	2,623,819	-	-	(154,060)	-	(154,060)
Total governmental-type activities	<u>28,200,596</u>	<u>19,806,964</u>	<u>17,000</u>	<u>1,637,399</u>	<u>(6,739,233)</u>	<u>-</u>	<u>(6,739,233)</u>
Business-type activities:							
Utilities	11,387,963	12,564,466	-	-	-	1,176,503	1,176,503
Total primary government	<u>\$ 39,588,559</u>	<u>\$ 32,371,430</u>	<u>\$ 17,000</u>	<u>\$ 1,637,399</u>	<u>(6,739,233)</u>	<u>1,176,503</u>	<u>(5,562,730)</u>
General revenues:							
Property taxes					1,722,896	-	1,722,896
Combined taxes					1,719,933	-	1,719,933
Facility Fees (Assessed)					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,433
Gain (loss) on sale of capital assets					(212,679)	(130,244)	(342,923)
Insurance Proceeds					243,548	-	243,548
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					<u>10,873,783</u>	<u>212,982</u>	<u>11,086,765</u>
Changes in net position					<u>4,134,550</u>	<u>1,389,485</u>	<u>5,524,035</u>
Net position - beginning, as previously reported					75,655,473	77,308,278	152,963,751
Prior Period Adjustment					(289,260)	-	(289,260)
Net positions, beginning, as adjusted					<u>75,366,213</u>	<u>77,308,278</u>	<u>152,674,491</u>
Net position - ending					<u>\$ 79,500,763</u>	<u>\$ 78,697,763</u>	<u>\$ 158,198,526</u>

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

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

	<u>GENERAL</u>	<u>COMMUNITY SERVICES SPECIAL REV.</u>	<u>BEACH SPECIAL REVENUE</u>	<u>COMMUNITY SERVICES CAP. PROJECTS</u>	<u>BEACH CAPITAL PROJECTS</u>	<u>COMMUNITY SERVICES DEBT SERV.</u>	<u>BEACH DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS								
Cash, cash equivalents and investments	\$ 5,504,558	\$ 16,724,284	\$ 2,646,405	\$ -	\$ -	\$ -	\$ -	\$ 24,875,247
Accounts receivable, net	-	3,632	3,533	-	-	-	-	7,165
Interest receivable on investments	21,821	8,558	3,443	-	-	-	-	33,822
Taxes and Fees from Washoe County	7,146	27,154	4,614	-	-	-	-	38,914
Grants receivable	-	371,079	-	-	-	-	-	371,079
Due from other governments	333,467	113,913	19,350	-	-	-	-	466,730
Inventories	-	487,338	-	-	-	-	-	487,338
Prepaid items	159,611	15,838	-	-	-	-	-	175,449
Restricted deposits	243,027	141,134	1,000	-	-	-	-	385,161
Total assets	<u>\$ 6,269,630</u>	<u>\$ 17,892,930</u>	<u>\$ 2,678,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,840,905</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 219,726	\$ 570,159	\$ 41,381	\$ -	\$ -	\$ -	\$ -	\$ 831,266
Accrued personnel costs	1,176,685	310,954	27,815	-	-	-	-	1,515,454
Due to other governments	-	-	17,517	-	-	-	-	17,517
Unearned revenue	43	1,533,413	-	-	-	-	-	1,533,456
Total liabilities	<u>1,396,454</u>	<u>2,414,526</u>	<u>86,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,897,693</u>
Deferred Inflow of Resources								
Deferred Inflow	243,027	369,662	-	-	-	-	-	612,689
Fund balance								
Non-spendable	159,611	503,176	-	-	-	-	-	662,787
Restricted	1,359,737	141,134	1,000	-	-	-	-	1,501,871
Assigned	-	14,464,432	2,590,632	-	-	-	-	17,055,064
Unassigned	3,110,801	-	-	-	-	-	-	3,110,801
Total fund balance	<u>4,630,149</u>	<u>15,108,742</u>	<u>2,591,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,330,523</u>
Total liabilities and fund balance	<u>\$ 6,269,630</u>	<u>\$ 17,892,930</u>	<u>\$ 2,678,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,840,905</u>

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

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

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

Total Fund Balance for Governmental Activities	\$ 22,330,523
General Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	3,189,971
Washoe County Property Tax Litigation Settlement	(1,359,736)
Community Services Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	51,277,416
Accrued interest, not to be liquidated from currently available resources	(11,054)
Capital Grants in Deferred Inflows due to collection beyond 60 days	369,662
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(1,118,694)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	5,231
Beach Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	4,672,960
Accrued interest, not to be liquidated from currently available resources	(181)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(18,306)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	84
Internal Services Fund:	
Total Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>162,886</u>
Net Position of Governmental Activities	<u>\$ 79,500,762</u>

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

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

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Ad valorem taxes	\$ 1,706,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,172
Personal Property Tax	16,724	-	-	-	-	-	-	16,724
Intergovernmental:								
Consolidated taxes	1,483,310	-	-	-	-	-	-	1,483,310
Local Government Tax Act	236,623	-	-	-	-	-	-	236,623
Services	-	35,245	-	-	-	-	-	35,245
Charges for Services	-	15,451,762	1,619,582	-	-	-	-	17,071,344
Facility Fees	-	5,774,067	966,817	-	-	-	-	6,740,884
Interfund Services	-	76,558	-	-	-	-	-	76,558
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	-	-	1,637,399	-	-	-	1,637,399
Investment income	432,643	126,143	28,422	-	-	-	-	587,208
Miscellaneous	952	116,042	-	-	-	-	-	116,994
Total revenues	<u>3,876,424</u>	<u>21,576,817</u>	<u>2,614,821</u>	<u>1,637,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,725,461</u>
EXPENDITURES								
GENERAL GOVERNMENT								
Manager	407,666	-	-	-	-	-	-	407,666
Trustees	168,531	-	-	-	-	-	-	168,531
Accounting	395,959	-	-	-	-	-	-	395,959
Information Services	735,979	-	-	-	-	-	-	735,979
Human Resources	34,143	-	-	-	-	-	-	34,143
Health & Wellness	33,532	-	-	-	-	-	-	33,532
Community & Employee Relations	118,664	-	-	-	-	-	-	118,664
Administration	537,961	-	-	-	-	-	-	537,961
Central Services Cost Allocation Income	-	-	-	-	-	-	-	-
Capital Outlay	279,424	-	-	-	-	-	-	279,424
RECREATION								
Championship Golf	-	4,255,618	-	-	-	-	-	4,255,618
Mountain Golf	-	960,547	-	-	-	-	-	960,547
Facilities	-	469,752	-	-	-	-	-	469,752
Ski	-	7,011,524	-	-	-	-	-	7,011,524
Community Programming and Recreation Center	-	2,189,572	-	-	-	-	-	2,189,572
Parks	-	766,403	-	-	-	-	-	766,403
Tennis	-	242,873	-	-	-	-	-	242,873
Recreation Administration	-	360,555	-	-	-	-	-	360,555
Beach	-	-	1,758,394	-	-	-	-	1,758,394
Capital Outlay								
Championship Golf	-	-	-	439,872	-	-	-	439,872
Mountain Golf	-	-	-	1,592,962	-	-	-	1,592,962
Facilities	-	-	-	71,584	-	-	-	71,584
Ski	-	-	-	792,711	-	-	-	792,711
Community Programming and Recreation Center	-	-	-	244,815	-	-	-	244,815
Parks	-	-	-	1,944,812	-	-	-	1,944,812
Tennis	-	-	-	233,778	-	-	-	233,778
Recreation Administration	-	-	-	(261,503)	-	-	-	(261,503)
Beach	-	-	-	-	82,009	-	-	82,009
Debt Service								
Principal	-	-	-	-	-	355,188	5,812	361,000
Interest	-	-	-	-	-	29,166	477	29,643
Total expenditures	<u>2,711,859</u>	<u>16,256,844</u>	<u>1,758,394</u>	<u>3,039,031</u>	<u>82,009</u>	<u>384,354</u>	<u>6,289</u>	<u>26,258,780</u>
Excess revenues (expenditures)	1,164,565	5,339,973	856,427	(3,421,632)	(82,009)	(384,354)	(6,289)	3,466,681
OTHER FINANCING SOURCES:								
Sale of Capital and Intangible Assets	-	44,639	-	-	-	-	-	44,639
Insurance Proceeds	-	243,548	-	-	-	-	-	243,548
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(3,121,632)	(82,009)	3,421,632	82,009	-	-	-
Transfers In (Out) - Facility Fees for Debt Service	-	(384,354)	(6,289)	-	-	384,354	6,289	-
Transfers In (Out) - From (to) Other Sources	(300,000)	241,875	13,125	-	-	-	-	(45,000)
Net change in fund balance	<u>864,565</u>	<u>2,064,049</u>	<u>781,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,709,868</u>
Fund balance, July 1 as previously reported	3,765,586	13,333,953	1,810,378	-	-	-	-	18,909,917
Prior period adjustment	-	(289,260)	-	-	-	-	-	(289,260)
Fund balance, July 1, as adjusted	<u>3,765,586</u>	<u>13,044,693</u>	<u>1,810,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,620,657</u>
Fund balance, June 30	<u>\$ 4,630,151</u>	<u>\$ 15,108,742</u>	<u>\$ 2,591,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,330,525</u>

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

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

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

Total Net Change in Fund Balance for Governmental Funds	\$ 3,709,868
General Fund:	
Capital Assets acquired during the year and capitalized	279,424
Depreciation expense for the fiscal year	(306,583)
Net book value of assets sold	(2,854)
Washoe County Property Tax Litigation Settlement	(1,359,736)
Community Services Fund:	
Capital Assets acquired during the year and capitalized	5,059,031
Depreciation expense for the fiscal year	(3,036,172)
Net book value of assets sold	(239,768)
Principal paid on long-term liabilities, including bonds payable	355,188
Beach Fund:	
Capital Assets acquired during the year and capitalized	82,009
Depreciation expense for the fiscal year	(242,912)
Net book value of assets sold	(11,305)
Principal paid on long-term liabilities, including bonds payable	5,812
Internal Services Fund:	
Total Change in Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	(154,059)
Change in Net Position of Governmental Activities	<u>\$ 4,137,943</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,172	\$ 8,365
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment earnings	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Total revenues	<u>3,652,899</u>	<u>3,652,899</u>	<u>3,876,424</u>	<u>223,525</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
Manager	456,289	456,289	407,666	48,623
Trustees	216,420	216,420	168,531	47,889
Accounting	958,297	958,297	395,959	562,338
Information Services	1,073,697	1,073,697	735,979	337,718
Human Resources	974,317	974,317	34,143	940,174
Health and Wellness	45,376	45,376	33,532	11,844
Communications	216,673	216,673	118,664	98,009
Administration	474,855	474,855	537,961	(63,106)
Central Services Cost Allocation Income	(1,367,400)	(1,367,400)	-	(1,367,400)
Capital Outlay	686,445	686,445	279,424	407,021
Total expenditures	<u>3,734,969</u>	<u>3,734,969</u>	<u>2,711,859</u>	<u>1,023,110</u>
Excess (deficiency) of revenues over expenditures	<u>(82,070)</u>	<u>(82,070)</u>	<u>1,164,565</u>	<u>1,246,635</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers (Out)	(561,800)	(561,800)	(300,000)	261,800
Total other financing sources (uses)	<u>(706,800)</u>	<u>(706,800)</u>	<u>(300,000)</u>	<u>406,800</u>
Net change in fund balance	(788,870)	(788,870)	864,565	1,653,435
Fund balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,242</u>	<u>\$ 2,304,242</u>	<u>\$ 4,630,151</u>	<u>\$ 2,325,909</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,037,096	\$ (479,225)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Subtotal Charges for Services	15,592,894	15,592,894	15,451,762	(141,132)
Facility Fees	5,783,115	5,783,115	5,774,067	(9,048)
Intergovernmental Services	23,400	23,400	35,245	11,845
Interfund Services	98,210	98,210	76,558	(21,652)
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Investment income	50,000	50,000	126,143	76,143
Miscellaneous - other	110,361	110,361	116,042	5,681
Total revenues	22,298,780	22,298,780	21,596,817	(701,963)
EXPENDITURES				
COMMUNITY SERVICES OPERATIONS:				
Championship Golf	4,703,639	4,703,639	4,255,618	448,021
Mountain Golf	1,027,877	1,027,877	960,547	67,330
Facilities	549,035	549,035	469,752	79,283
Ski	7,565,368	7,565,368	7,011,524	553,844
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551
Parks	891,279	891,279	766,403	124,877
Tennis	270,423	270,423	242,873	27,550
Recreation Administration	444,071	444,071	360,555	83,516
COMM. SERVICES CAPITAL OUTLAY				
Championship Golf	653,200	-	-	-
Mountain Golf	2,420,700	-	-	-
Facilities	180,400	-	-	-
Ski	2,770,850	-	-	-
Community Programming and Recreation Center	468,650	-	-	-
Parks	1,028,752	-	-	-
Tennis	1,363,950	-	-	-
Recreation Administration	-	-	-	-
COMM. SERVICES DEBT SERVICE				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Total expenditures	27,197,671	17,926,815	16,256,844	1,669,971
Excess (deficiency) of revenues over expenditures	(4,898,891)	4,371,965	5,339,973	968,008
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	-
Total other financing sources (uses)	861,800	(8,409,056)	(3,275,924)	5,133,132
Net change in fund balance	(4,037,091)	(4,037,091)	2,064,049	6,101,140
Fund Balance, July 1, as previously reported	13,183,167	13,183,167	13,333,953	150,786
Prior Year Adjustment	-	-	(289,260)	(289,260)
Fund Balance, July 1, as adjusted	13,183,167	13,183,167	13,044,693	(138,474)
Fund balance, June 30	\$ 9,146,076	\$ 9,146,076	\$ 15,108,742	\$ 5,962,666

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

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

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

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

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

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

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

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

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
OPERATING REVENUES		
Sales and fees	\$ 12,396,967	\$ -
Interfund services	167,499	2,623,819
Total operating revenues	<u>12,564,466</u>	<u>2,623,819</u>
OPERATING EXPENSES		
Wages and benefits	4,151,482	1,976,675
Cost of goods sold	4,815	-
Services and supplies	1,996,002	763,514
Defensible Space	97,876	-
Central Services Cost	353,700	-
Insurance	185,410	13,686
Utilities	894,515	11,442
Professional fees	221,815	-
Depreciation	3,370,510	12,561
Total operating expenses	<u>11,276,125</u>	<u>2,777,878</u>
Operating income	<u>1,288,341</u>	<u>(154,059)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	298,225	-
Loss on sales of assets	(130,244)	-
Interest on bond debt	(111,838)	-
Total nonoperating revenues (expenses)	<u>56,143</u>	<u>-</u>
Income before transfers and contributions	<u>1,344,484</u>	<u>(154,059)</u>
Transfer In (Out)	<u>45,000</u>	<u>-</u>
Change in net position	1,389,484	(154,059)
Total net position, July 1	<u>77,308,278</u>	<u>316,945</u>
Total net position, June 30	<u>\$ 78,697,762</u>	<u>\$ 162,886</u>

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

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

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 11,296,891	\$ -
Receipts from interfund services provided	167,499	2,623,819
Payments to suppliers	(3,550,429)	(833,980)
Payments to employees	(3,707,322)	(1,904,322)
Net cash provided (used) by operating activities	<u>4,206,639</u>	<u>(114,483)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer (to) from other funds	45,000	-
Net cash provided (used) by non-capital financing activities	<u>45,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,657,787)	-
Costs from sale of assets	(130,244)	-
Payments on capital debt	(523,988)	-
Capital contributions	(12,881)	-
Interest expense	<u>(57,758)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,382,658)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted investments released (increased)	-	-
Investments purchased	-	-
Long-term investments matured	(5,328,763)	-
Investment earnings	(17,560)	-
Net cash provided (used) by investing activities	<u>(5,346,323)</u>	<u>-</u>
Net change in cash and cash equivalents	(3,477,343)	(114,483)
Cash and cash equivalents, July 1	4,366,202	435,837
Cash, cash equivalents and investments, June 30	<u>\$ 888,859</u>	<u>\$ 321,354</u>

(Continued)

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basic Financial Statements - Government-wide financial statements

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

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

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

C. Basic Financial Statements - Fund financial statements

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days under the accrual basis of accounting.

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

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

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

Governmental Funds -

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

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

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

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

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

Proprietary Funds -

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

Internal Service Funds – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the District. The District provides Fleet, Engineering, and Buildings Maintenance which includes repair and maintenance of the District's

vehicles and equipment, engineering services, and buildings maintenance. The Fleet, Engineering and Buildings Maintenance Departments also collectively provide planning, inspection, construction and maintenance for the District's structures and equipment.

E. Budgets and Budgetary Accounting

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

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

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

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

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

F. Cash, Cash Equivalents and Investments

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

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

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

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

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

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

The District's investments are stated at fair value as of the reporting date. These are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based in the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

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

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

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

G. Receivables

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

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

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

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

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

H. Inventory and Prepaid Items

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

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

I. Restricted Assets

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

J. Capital Assets

Capital assets include land, buildings, machinery and equipment, or water rights which are reported in the applicable governmental or business-type activities column in the government-wide financial statements. If purchased or constructed, all capital assets are recorded at historical cost. Donated capital assets are valued at acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets (all categories except land and construction in progress) is charged as an expense against each fund's operation. The District's policy is to capitalize assets with a normal useful life of three or more years.

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

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

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

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

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

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

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

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

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

K. Amortization of Bond Discounts

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

L. Compensated Absences and Accrued Personnel Costs

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

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

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

M. Deferred Outflows/Inflows of Resources

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

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

N. Unearned Revenue and Refundable Deposits

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

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

O. Long-Term Debt

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

P. Fund Balance

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

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

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

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

Proprietary Fund Types:

- Utilities Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
- Internal Services - 25% of operating expenses for the fiscal year based on the current adopted budget.

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

Q. Net Position

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

R. Estimates

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

S. Central Services Cost Allocation

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

T. Punch Cards Utilized

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

DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

2. COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Operating Checking Accounts	\$1,843,928
Petty cash and change funds	56,803
Nevada Local Government Investment Pool (average weighted maturity of 130 days)	
General LGIP Account	13,187,048
Utility LGIP Account	5,106,514
US Government Money Market	<u>5,821,442</u>
Total Cash and Cash Equivalents	<u>\$26,015,735</u>

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

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

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

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

The LGIP reports Level 1 inputs are 24.91% of the total are quoted prices in active markets for identical assets; Level 2 inputs are 75.29% of the total are significant other observable inputs.

Fair Value Measurements as of June 30, 2020

	Level 1	Level 2	Total
Certificates of Deposit	\$13,728,997	\$ -	\$13,728,997
Interest Bearing Amounts - Investments			13,728,997
LGIP at Net Asset Value (Cash Equivalent)	4,556,926	13,736,636	18,293,562
LGIP Restricted Deposits at Net Asset Value	114,300	344,553	458,854
Total Fair Value Measurements			<u>\$32,481,413</u>

Investment Maturities by Investment Type as of June 30, 2020

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

Investment Maturities by Activity as of June 30,2020

	Governmental Activities	Business Type Activities	Total
Short Term	\$ 4,801,615	\$ 3,791,702	\$ 8,593,317
Long Term	3,848,619	1,287,061	5,135,680
LGIP as a Cash Equivalent	12,865,999	5,427,563	18,293,562
LGIP - Restricted Deposit	136,059	322,795	458,854
Total Investment Activity Type	<u>\$21,652,292</u>	<u>\$10,829,121</u>	<u>\$32,481,413</u>

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

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

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

Concentration Credit Risk – The District Investment Policy calls for diversification without setting maximum allocations. The District invests in Federal government-sponsored enterprises (GSE) for safety and to meet statutory requirements. Individual CD's are held with a number of banks at or under the FDIC insured

limited calculated by those institutions. LGIP is an unrated external investment pool administered by the State Treasurer, with oversight by the State of Nevada Board of Finance.

4. RESTRICTED DEPOSITS

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

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

The assets of the EPA State Revolving Fund (SRF) Reserve may be used to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is in the account at the District's discretion. The EPA SRF Reserve is in the LGIP Account totaling \$229,223. The assets in the TRPA (Tahoe Regional Planning Authority) Reserve may be used to satisfy performance obligations on projects authorized by the TRPA. These usually cover several years for construction and inspection phases. The total required deposits are \$211,778, and interest earned is in the account at the District's discretion. The TRPA Project Reserve is in the LGIP Account totaling \$229,631:

Deposit with State of Nevada for Sales Tax	\$ 6,075
Building Deposit held by Parasol Tahoe Foundation	100
Litigation Damage Deposit held by the District	243,026
LGIP Restricted Deposits (SRF & TRPA)	<u>458,853</u>
Total Restricted Deposits	<u>\$ 708,055</u>

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2020:	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated				
Land - General Government	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Land - Community Services	11,996,999	318,575	-	12,315,574
Land - Beach	2,304,850	-	-	2,304,850
Subtotal Land	16,971,753	318,575	-	17,290,328
Construction in Progress - General Government	18,000	279,424	(297,424)	-
Construction in Progress - Community Services	1,778,191	5,059,031	(4,236,072)	2,601,150
Construction in Progress - Beach	360,912	82,009	(69,495)	373,426
Construction in Progress - Internal Services	-	-	-	-
Subtotal Construction in Progress	2,157,103	5,420,464	(4,602,991)	2,974,576
Total capital assets, not being depreciated	\$ 19,128,856	\$ 5,739,039	\$ (4,602,991)	\$ 20,264,904
Capital assets, being depreciated				
Buildings and Structures - General Government	913,462	27,467	-	940,929
Buildings and Structures - Community Services	30,017,320	2,481,680	(98,427)	32,400,573
Buildings and Structures - Beach	2,699,560	-	-	2,699,560
Venue Improvements - Community Services	34,678,180	205,289	-	34,883,469
Venue Improvements - Beach	2,258,346	16,925	-	2,275,271
Equipment and Vehicles - General Government	1,647,472	267,005	-	1,914,477
Equipment and Vehicles - Community Services	11,942,698	1,005,116	(596,458)	12,351,356
Equipment and Vehicles - Beach	569,383	41,073	-	610,456
Equipment and Vehicles - Internal Services	253,869	-	-	253,869
Total capital assets, being depreciated	\$ 84,980,290	\$ 4,044,556	\$ (694,885)	\$ 88,329,961
Less accumulated depreciation for:				
Buildings and Structures - General Government	(808,026)	(24,984)	-	(833,010)
Buildings and Structures - Community Services	(14,535,151)	(931,529)	98,427	(15,368,254)
Buildings and Structures - Beach	(1,600,679)	(93,721)	-	(1,694,400)
Venue Improvements - Community Services	(19,767,643)	(949,370)	-	(20,717,013)
Venue Improvements - Beach	(1,451,252)	(100,179)	-	(1,551,431)
Equipment and Vehicles - General Government	(1,220,730)	(281,599)	-	(1,502,329)
Equipment and Vehicles - Community Services	(6,613,170)	(1,155,273)	579,004	(7,189,439)
Equipment and Vehicles - Beach	(295,760)	(49,012)	-	(344,772)
Equipment and Vehicles - Internal Services	(176,961)	(12,561)	-	(189,522)
Total accumulated depreciation	(46,469,372)	(3,598,228)	677,431	(49,390,170)
Total capital assets being depreciated, net	38,510,918	446,327	(17,454)	38,939,791
Governmental Activities Capital Assets, net	\$ 57,639,774	\$ 6,185,366	\$ (4,620,445)	\$ 59,204,695

Capital Asset activity for the year ended June 30, 2020:	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Business-Type Activities				
Utility Capital assets not being depreciated				
Land	\$ 6,715,544	-	-	\$ 6,715,544
Construction in Progress	1,418,053	\$ 1,644,147	\$ (1,454,428)	1,607,772
Total utility capital assets, not being depreciated	8,133,597	1,644,147	(1,454,428)	8,323,316
Utility Capital assets, being depreciated				
Buildings and structures	15,503,863	92,969	-	15,596,832
Service infrastructure	113,807,857	791,700	-	114,599,557
Equipment and vehicles	3,696,213	455,552	(269,534)	3,882,231
Total utility capital assets at historical cost	133,007,933	1,340,220	(269,534)	134,078,619
Less accumulated depreciation for:				
Buildings and structures	(7,688,138)	(392,581)	-	(8,080,719)
Service infrastructure	(61,637,155)	(2,743,849)	-	(64,381,004)
Equipment and vehicles	(2,657,952)	(230,931)	235,975	(2,652,908)
Total accumulated depreciation	(71,983,245)	(3,367,361)	235,975	(75,114,631)
Total utility capital assets being depreciated, net	61,024,688	(2,027,141)	(33,559)	58,963,988
Business-Type Activities Capital Assets, net	\$ 69,158,285	\$ (382,994)	\$ (1,487,987)	\$ 67,287,304

(Pending completion of Capitalization review)

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

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

Governmental Activities	
General Government	\$ 306,583
Recreation	3,036,172
Beach	242,912
Internal Services	12,561
Total Depreciation Expense	<u>\$ 3,598,228</u>
Business-Type Activities	
Utility Fund Water and Sewer	<u>\$ 3,367,361</u>

The District holds a substantial number of land parcels for recreation and public purposes. Approximately 80 parcels were acquired at no cost through a Washoe County tax forfeiture transfer. These lands are not held for the purpose of income or profit, and therefore are not considered an investment.

6. ACCRUED PERSONNEL COSTS

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

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

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

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

Accrued Personnel Costs as of June 30, 2020:

Current Payroll Liabilities:	Governmental	Business-Type	Total
Accrued Payroll	\$ 635,621	\$ 89,914	\$ 725,535
Taxes Withheld	48,110	-	48,110
Accrued Benefits	30,561	-	30,561
Deferred Comp	17,075	-	17,075
Retirement Plan	47,767	-	47,767
Health Reimbursement Accounts	131,727	-	131,727
Sick Leave Retirement Benefits	143,588	156,908	300,496
Workers Comp Unpaid Assessments	126,073	2,309	128,382
Accrued Vacation	407,284	195,029	602,312
Total Government-wide	\$ 1,587,807	\$ 444,160	\$ 2,031,967

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

<u>Select Benefit Liabilities</u>	<u>Balance</u> June 30, 2019	<u>Provisions</u> <u>Additions</u>	<u>Payments</u>	<u>Balance</u> June 30, 2020
Health Reimbursement Accts.	\$ 131,190	\$ 54,949	\$ 54,412	\$ 131,727
Sick Leave Retirement Benefit	294,982	40,872	35,358	300,496
Accrued Vacation	593,455	681,199	672,342	602,312

7. UNEARNED REVENUE

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

	<u>General</u>	Community Services <u>Special Rev.</u>	Beach <u>Special Rev.</u>	<u>Utility</u>	<u>Total</u>
Billed in advance	\$ 243,042	\$ 591,601	\$ -	\$167,926	\$ 759,569
Unexpired season passes	-	869,233	-	-	869,233
Internal Gift Cards	-	<u>72,580</u>	-	-	<u>72,580</u>
Total	<u>\$ 243,042</u>	<u>\$1,533,414</u>	<u>\$ -</u>	<u>\$167,926</u>	<u>\$1,701,382</u>

8. INTERFUND ACCOUNTS AND TRANSFERS

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

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

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

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

Fund Transfer In:									
	General Fund	Community Services Special Revenue	Community Services Capital Projects	Community Services Debt Service	Beach Special Revenue	Beach Capital Projects	Beach Debt Service	Utility Fund	Total Out
Fund Transfer Out:									
Internal Services Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	241,875	-	-	13,125	-	-	45,000	\$ 300,000
Community Services Special Revenue	-	-	3,073,897	384,354	-	-	-	-	\$3,458,251
Beach Special Revenue	-	-	-	-	-	82,009	6,289	-	\$ 88,298
Total In	<u>\$ -</u>	<u>\$ 241,875</u>	<u>\$3,073,897</u>	<u>\$ 384,354</u>	<u>\$ 13,125</u>	<u>\$ 82,009</u>	<u>\$ 6,289</u>	<u>\$ 45,000</u>	<u>\$3,846,549</u>

9. LONG-TERM DEBT

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

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

<u>Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>	<u>Current Portion</u>
Governmental Activities:						
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation						
Refunding 2012	07/18/12	09/01/22	2.25%	3,475,000	<u>\$1,137,000</u>	<u>\$368,000</u>
Total Recreation Revenue Supported Debt					<u>\$1,137,000</u>	<u>\$368,000</u>
Business Type Activities Direct Borrowings and Direct Placements:						
Utility						
State of Nevada:						
Sewer C32-0204	10/28/02	01/01/23	3.14%	\$1,720,380	\$ 365,370	\$ 118,012
Water IVGID-1	09/09/04	07/01/25	3.08%	1,687,282	570,931	96,792
Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	1,141,608	177,630
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	<u>2,007,029</u>	<u>146,273</u>
Total Utility Revenue Supported Debt					<u>\$4,084,938</u>	<u>\$ 538,707</u>
Total Debt – All Activities					<u>\$5,221,938</u>	<u>\$906,707</u>

Long-Term Debt changes for the year:

	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Principal Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
By Activity Type:					
Governmental:					
2012 Recreation	<u>\$1,498,000</u>	<u>\$ -</u>	<u>\$361,000</u>	<u>\$1,137,000</u>	<u>\$368,000</u>
Business Type Direct Borrowings and Direct Placements:					
Sewer C32-0204	479,758	-	114,388	365,370	118,012
Water IVGID-1	664,807	-	93,876	570,931	96,792
Sewer CS32-0404	1,314,494	-	172,886	1,141,608	177,630
Water DW-1201	<u>2,149,867</u>	-	<u>142,838</u>	<u>2,007,029</u>	<u>146,273</u>
Business Type Total	<u>4,608,926</u>	-	<u>523,988</u>	<u>4,084,938</u>	<u>538,707</u>
Total Debt	<u>\$6,106,926</u>	<u>\$ -</u>	<u>\$884,988</u>	<u>\$5,221,938</u>	<u>\$906,707</u>
By Bond Type:					
General Obligation	\$4,962,361	\$ -	\$676,724	\$4,283,637	\$691,903
Revenue	<u>1,144,565</u>	-	<u>208,264</u>	<u>936,301</u>	<u>214,804</u>
Total Debt	<u>\$6,106,926</u>	-	<u>\$884,988</u>	<u>\$5,221,938</u>	<u>\$906,707</u>
Bond discounts	<u>(5,317)</u>	-	-	<u>5,315</u>	
Long-term Debt, net	<u>\$6,101,609</u>	<u>\$ -</u>	<u>\$883,682</u>	<u>\$5,216,623</u>	

Future Debt Service Requirements as of June 30, 2020:

Fiscal Year	Debt Supported by		Debt Supported by	
	<u>Utility Revenue</u>		<u>Recreation Revenue</u>	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 538,707	\$ 104,428	\$ 368,000	\$ 21,442
2022	553,841	89,291	378,000	13,050
2023	569,405	73,728	391,000	4,399
2024	455,827	58,730	-	-
2025	468,183	46,373	-	-
2026 to 2030	1,123,515	107,706	-	-
2031 to 2032	<u>375,460</u>	<u>11,283</u>	-	-
Total	<u>\$4,084,941</u>	<u>\$ 491,539</u>	<u>\$ 1,137,000</u>	<u>\$ 38,891</u>

At June 30, 2020, principal and interest to maturity paid from pledged future Utility Revenues totals \$4,576,480 and \$1,175,891 paid from pledged Recreation Revenues. For the year ended June 30, 2020, the net pledged revenue was \$1,301,981 for Utility Debt and \$4,262,165 for Recreation Debt.

10. DEFERRED INFLOW OF RESOURCES

The District is holding a deposit of \$243,026 for a damage award as part of ongoing litigation relating to matters asserted by a member of the public. The litigation is under appeal with the Nevada Supreme Court. If the District prevails, the award will become revenue to the General Fund. If the member of the public prevails, the deposit will be refunded under terms of a settlement agreement approved September 13, 2017.

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

11. CAPITAL GRANTS

The District was awarded FEMA/Nevada Department of Emergency Management Grants for 2017 damages to facilities and infrastructure. Final review and payment is ongoing.

12. DEFERRED COMPENSATION PLAN

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all District employees, permit them to defer a portion of their

earnings until future years. The deferred compensation benefit is not collectible by employees until termination, retirement, death, or unforeseeable emergency.

13. DISTRICT RETIREMENT BENEFIT PLANS

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

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

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

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

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

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

14. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

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

Type	Carrier/Provider	Amount
Property Liability on buildings & contents	NV Public Agency Pool	\$ 300,000,000
Earthquake & Flood	NV Public Agency Pool	150,000,000
Boiler & Machinery	NV Public Agency Pool	100,000,000
General Liability	NV Public Agency Pool	10,000,000
Cyber Security Event	NV Public Agency Pool	3,000,000
Money & Securities	NV Public Agency Pool	500,000
Site Pollution Incident	NV Public Agency Pool	2,000,000
Ski Resort Gen. Liability	Nova Casualty Company	1,000,000
Ski Resort Excess Liability	Nova Casualty Company	6,000,000
Workers Compensation	NV Public Agency Comp. Trust	2,000,000

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

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

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

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

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

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

15. 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.

16. 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 assessed facility fee. Furthermore, fund balances within the Community Services Capital Fund and Beach Capital Fund are further assigned for the purpose of future planned capital improvement projects. These funds generally represent revenues collected through the Recreation and Beach Facility fees allocated specifically to capital projects.

The General Fund reflects an restriction of \$1,359,737 to reflect the District's obligation under the terms of settlement of the property tax dispute filed against Washoe County et al, Nevada State Board of Equalization and the Department of Taxation by the Village League to Save Incline Assets, Inc. As the terms of the settlement are finalized, this amount is recorded as a liability at June 30, 2020.

17. RESTRICTED FUNDS

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

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

18. LEASE OBLIGATIONS

Revenue:

Miscellaneous revenue includes rent received for cell towers on District property. Under an agreement with American Tower \$20,685 was paid for a tower at the Mountain Golf Course. Its term is April 2007 to 2037 with extensions every five years, cancelable by either party. The current 5 year term ends in 2022. Rent increases 3% per year. Under an agreement with AT&T \$19,572 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. The current 5 year term ends in 2020. Rent increases 3% per year. Under an agreement with AT&T \$64,155 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. The current 5 year term ends in 2023. Rent increases 3.5% per year. Revenue in the amount of \$11,197 was also received from T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort. Its term is June 2017 to 2022 with 1 option to renew for 5 years.

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

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

Expenses:

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

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

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

19. DUE TO OTHER GOVERNMENTS

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

20. COMMUNITY SERVICES AND BEACH SPECIAL REVENUE FUNDS

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

	Charges for Services	Paid with Punch Cards	Punch Cards Value Utilized
Community Services Fund:			
Championship Golf	\$ 4,037,096	\$ 25,889	\$ -
Mountain Golf	690,798	4,619	-
Facilities	361,890	-	-
Ski	9,643,747	136,445	-
Community Programming	1,004,900	80,696	-
Parks	32,505	-	-
Tennis	113,786	-	-
Recreation Administration	<u>(590,712)</u>	<u>-</u>	<u>(630,804)</u>
Total	<u>\$15,294,090</u>	<u>\$247,664</u>	<u>\$(630,804)</u>
Beach Fund	<u>\$ 1,218,329</u>	<u>\$490,592</u>	<u>\$(103,876)</u>
District Total		<u>\$734,680</u>	<u>\$(734,680)</u>

21. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

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

Capital Improvement Project Budget Carryover:

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

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

Budgeting for the Fiscal Year Ending June 30, 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 \$650,150 including \$300,000 for a new Human Resources Management and Payroll System; Community Services reduction of \$6,127,741 including \$996,630 for the Tennis Center Renovation, \$700,000 for Championship Golf Course Maintenance Building improvements, \$520,000 for Ski Way and Diamond Peak Parking Lot Reconstruction, \$264,864 for Lakeview Ski Lift Improvements, and \$166,395 for the Mountain Golf Cart Path Replacement. The Beach Fund has a reduction of \$454,500 related to work on Burnt Cedar Pool and Incline Beach Facility Improvements.

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

<u>Contract Award</u>	<u>Completed at June 30, 2020</u>	<u>Remaining Commitment</u>
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PENDING (Contracts entered into before June 30, 2020):

22. 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.

23. 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.

24. PRIOR YEAR ADJUSTMENTS

The District's financial statements for the year ended June 30, 2020 reflect prior year adjustments to re-classify as expenses selected Capital in Progress items that were reported as assets in the financial statements for the year ended June 30, 2019. A total of \$289,260 is recorded as a prior year adjustment and includes \$212,044 related to development of a Parks Master Plan and \$77,216 related to improvements planned at Incline Village Ballfield Improvements. Management has determined that no future capital asset(s) are expected to be constructed as a result of the preliminary design work that had been included in prior year's Capital in Progress.

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

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,288,341	\$ (154,059)
Non-cash adjustments -		
Depreciation	3,370,510	12,561
Increase (decrease) in cash from changes in:		
Accounts receivable	(1,268,002)	-
Inventory	(151,327)	(69,919)
Accounts payable	355,031	24,581
Accrued personnel costs	444,160	72,353
Unearned revenue	167,926	-
Total adjustments	2,918,298	39,576
Net cash provided (used) by operating activities	<u>\$ 4,206,639</u>	<u>\$ (114,483)</u>

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

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

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,172	\$ 8,365
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment income	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Central Services Revenue	1,367,400	1,367,400	-	(1,367,400)
Total revenues	<u>5,020,299</u>	<u>5,020,299</u>	<u>3,876,424</u>	<u>(1,143,875)</u>
EXPENDITURES				
General Government - All Functions:				
Function Summary	<u>5,102,369</u>	<u>5,102,369</u>	<u>2,711,859</u>	<u>2,390,510</u>
Total expenditures	<u>5,102,369</u>	<u>5,102,369</u>	<u>2,711,859</u>	<u>2,390,510</u>
Excess (deficiency) of revenues over expenditures	<u>(82,070)</u>	<u>(82,070)</u>	<u>1,164,565</u>	<u>1,246,635</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers In (Out)	<u>(561,800)</u>	<u>(561,800)</u>	<u>(300,000)</u>	<u>261,800</u>
Net change in fund balance	(788,870)	(788,870)	864,565	1,653,435
Fund Balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,242</u>	<u>\$ 2,304,242</u>	<u>\$ 4,630,151</u>	<u>\$ 2,325,909</u>

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

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,037,096	\$ (479,225)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Facility Fee:				
Championship Golf	976,157	976,157	171,994	(804,163)
Mountain Golf	689,052	689,052	327,607	(361,445)
Facilities	524,992	524,992	131,043	(393,949)
Ski	(336,323)	(336,323)	(1,638,033)	(1,301,710)
Community Programming	1,574,976	1,574,976	1,171,194	(403,782)
Parks	992,563	992,563	728,925	(263,638)
Tennis	196,872	196,872	114,662	(82,210)
Recreation Administration	1,164,826	1,164,826	4,766,675	3,601,849
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Interfund Services	98,210	98,210	76,558	(21,652)
Intergovernmental Services	23,400	23,400	35,245	11,845
Investment Earnings	50,000	50,000	126,143	76,143
Miscellaneous	110,361	110,361	116,042	5,681
Total revenues	<u>22,298,780</u>	<u>22,298,780</u>	<u>21,596,817</u>	<u>(701,963)</u>
EXPENDITURES				
Culture and Recreation - All Functions:				
Function Summary	27,197,671	17,926,815	16,256,844	1,669,971
Total expenditures	<u>27,197,671</u>	<u>17,926,815</u>	<u>16,256,844</u>	<u>1,669,971</u>
Excess (deficiency) of revenues over expenditures	<u>(4,898,891)</u>	<u>4,371,965</u>	<u>5,339,973</u>	<u>968,008</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers Out - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers Out - Debt Service	-	(384,354)	(384,354)	-
Net change in fund balance	<u>(4,037,091)</u>	<u>(4,037,091)</u>	<u>2,064,049</u>	<u>6,101,140</u>
Fund Balance, July 1	13,183,167	13,183,167	13,333,953	150,786
Prior Period Adjustment			(289,360)	(289,360)
Fund Balance, July 1, as adjusted	<u>13,183,167</u>	<u>13,183,167</u>	<u>13,044,593</u>	<u>(138,574)</u>
Fund balance, June 30	<u>\$ 9,146,076</u>	<u>\$ 9,146,076</u>	<u>\$ 15,108,642</u>	<u>\$ 5,962,566</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Community Services:				
Championship Golf				
Salaries and Wages	\$ 1,592,508	\$ 1,592,508	\$ 1,511,829	\$ 80,679
Employee Benefits	512,154	512,154	421,675	90,479
Services and Supplies	2,598,977	2,598,977	2,322,114	276,863
Capital Outlay	653,200	-	-	-
Subtotal Championship Golf	5,356,839	4,703,639	4,255,618	448,021
Mountain Golf				
Salaries and Wages	372,113	372,113	320,393	51,720
Employee Benefits	115,629	115,629	96,581	19,048
Services and Supplies	540,135	540,135	543,573	(3,438)
Capital Outlay	2,420,700	-	-	-
Subtotal Mountain Golf	3,448,577	1,027,877	960,547	67,330
Facilities				
Salaries and Wages	89,488	89,488	83,927	5,561
Employee Benefits	47,157	47,157	32,717	14,440
Services and Supplies	412,390	412,390	353,108	59,282
Capital Outlay	180,400	-	-	-
Subtotal Facilities	729,435	549,035	469,752	79,283
Ski				
Salaries and Wages	2,970,495	2,970,495	2,771,784	198,711
Employee Benefits	985,297	985,297	870,179	115,118
Services and Supplies	3,609,576	3,609,576	3,369,561	240,015
Capital Outlay	2,770,850	-	-	-
Subtotal Ski	10,336,218	7,565,368	7,011,524	553,844
Community Programming				
Salaries and Wages	1,164,024	1,164,024	1,054,806	109,218
Employee Benefits	368,533	368,533	323,816	44,717
Services and Supplies	942,566	942,566	810,950	131,616
Capital Outlay	468,650	-	-	-
Subtotal Community Programming	2,943,773	2,475,123	2,189,572	285,551
Parks				
Salaries and Wages	345,389	345,389	301,629	43,760
Employee Benefits	85,289	85,289	64,421	20,868
Services and Supplies	460,601	460,601	400,353	60,248
Capital Outlay	1,028,752	-	-	-
Subtotal Parks	1,920,031	891,279	766,403	124,876
Tennis				
Salaries and Wages	139,281	139,281	128,410	10,871
Employee Benefits	29,131	29,131	24,118	5,013
Services and Supplies	102,011	102,011	90,345	11,666
Capital Outlay	1,363,950	-	-	-
Subtotal Tennis	1,634,373	270,423	242,873	27,550
Community Services Administration				
Salaries and Wages	183,759	183,759	141,275	42,484
Employee Benefits	60,652	60,652	50,197	10,455
Services and Supplies	199,660	199,660	169,083	30,577
Capital Outlay	-	-	-	-
Subtotal Recreation Administration	444,071	444,071	360,555	83,516
Community Services Debt Service				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Subtotal Comm. Services Debt Service	384,354	-	-	-
Function Subtotal	\$ 27,197,671	\$ 17,926,815	\$ 16,256,844	\$ 1,669,971

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

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

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

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

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

Note: The State Budget Form 44041.GP recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service funds for expenditure.

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

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

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

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

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

Note: The State Budget Form 44041.GI recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

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

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

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

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

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Sales and service fees	\$ 12,307,369	\$ 12,396,967	\$ 89,598
Intergovernmental services	199,200	-	(199,200)
Interfund services	141,400	167,499	26,099
Investment earnings	193,500	298,225	104,725
Total revenues	<u>12,841,469</u>	<u>12,862,691</u>	<u>21,222</u>
EXPENSES			
Wages	2,799,411	2,878,920	(79,509)
Benefits	1,407,335	1,272,562	134,773
Services and supplies	2,106,672	2,172,587	(65,915)
Utilities	929,499	894,515	34,984
Professional Fees	148,600	221,815	(73,215)
Central Services cost	353,700	353,700	-
Defensible Space	100,000	97,876	2,124
Depreciation	3,310,000	3,370,510	(60,510)
Debt service interest	111,838	111,838	-
Total expenses	<u>11,267,055</u>	<u>11,374,323</u>	<u>(107,268)</u>
NONOPERATING ITEMS			
Gain(loss) on sale of assets	-	(130,244)	(130,244)
Transfers In (Out)	-	45,000	45,000
Total Nonoperating items	-	(85,244)	(85,244)
Changes in Net Position	<u>\$ 1,574,414</u>	<u>\$ 1,403,124</u>	<u>\$ (171,290)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets - New Projects	<u>\$ 5,861,000</u>	<u>\$ 1,657,787</u>	<u>\$ (4,203,213)</u>
Payments of Principal on Capital Debt	<u>\$ 523,988</u>	<u>\$ 523,988</u>	<u>\$ -</u>

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

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

Memorandum

To: Audit Committee and Paul Navazio

From Clifford F Dobler

Date : 10-19-2020

RE: Items requiring correction in the fiscal 2020 Draft Financial Statements - in process

On October 2, 2020, at the request of Audit Committee members, Paul Navazio provided a Preliminary Draft of the Basic Financial Statements for fiscal year 2019/2020. These statements were also provided to the Auditors on 9/9/2020. After a cursory review, I have the following comments.

The following items seven should be corrected:

- In the Statement of Activities (page2), Mr. Navazio continues to state that the Facility Fees are General Revenues of the District. The Facility Fees are Program Revenues and should be reflected as Charges for Services. The definition of a Charge for Service is detailed in paragraph 49 of GASB #34 and then replaced in paragraph 13 of GASB #37. Point #8.
- In the Statement of Activities (page 2) the "Central Services Cost Allocation" of \$1,367,400 has been reported as a Charge for Services under Program Revenues. These amounts are nothing more than expense reimbursements. There is no revenue. A separate column should indicate the reduction in expense of the General fund and the increase in expenses for the Community Services, Beach, and Utility funds. The amounts will net to zero. Paragraph 59 of GASB # 34 provides the appropriate requirements. Point #8
- In the Governmental Funds Balance Sheet (page 3), all CS Special Revenue Fund Balance except for non spendable and restricted amounts, are stated as Assigned. This is incorrect. As stated in paragraph 10 of GASB #54, "Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the "Board" should be reported as Committed funds. The fiscal 2021 budget, which was approved in May, 2020, committed \$2,900,701 for projects which were not completed in fiscal year 2020 and carried over into fiscal year 2021. Paragraph 10 of GASB #54 further states: "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 obligations". The two contracts of \$900,000 for the Tennis Center rehab were executed in fiscal 2020 and was part of the carryover amounts. Point #17
- The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance (page 5) together with the related statements for the CS and Beaches (page 8-9), list only ONE line item of revenues from Facility Fees. Historically, Facility Fees were delineated in three separate amounts for operations, capital projects and debt service as specified by the Board. This was obviously done in the CSSRF to disguise that only 57% (\$3,322,215) of the Facility Fees was

specified for capital projects far less than the \$5,059,031 transferred to the capital projects fund. The same holds true for Debt Service of \$410,500 with \$384,354 transferred to the debt service fund. Thus GASB #34 and #54 regarding Special Revenue Funds have not been complied with. As stated: "*Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than DEBT SERVICE or CAPITAL PROJECTS*". NO REVENUES for capital projects should be reported in the Special Revenue (operating fund)

- The Draft Basic Financial Statements do not include the Community Services Capital Project Fund as a major fund (thus requiring a separate statement). According to GASB #34 and #37 any fund which exceeds 10% of all Governmental Fund expenditures or 5% of all District funds (both governmental and enterprise) expenditures must be a MAJOR fund. In fiscal 2019, the amount expended in the capital projects fund was \$6,043,500. Total expenditures for all governmental funds was \$36,703,641 and all funds was \$47,258,129. As such, the Community Services Capital Project Fund MUST be reported as a major fund and be part of the Basic Financial Statements rather than included in unaudited supplemental information in a CAFR. The same would hold true for fiscal year 2020. NEW POINT
- The CSSRF Statement of Revenues, Expenditures and Change in Fund Balance (page 8) includes \$270,731 of gains from the sale of assets. This is incorrect and in direct violation of Resolution 1838 which became effective July 1, 2015. All gains or losses for asset sales must be accounted for in the Capital Project Funds. Point #20
- The CSSRF Statement of Revenues, Expenditures and Change in Fund Balance (page 8) includes \$1,637,399 as Revenues from Capital Grants. This is a violation of the Generally Accepted Accounting Principle of "Matching". A substantial portion of the grants was for improvements to the Incline Ball Fields and has NOTHING TO DO with operations. There grant was specifically for a Capital Project, thus violating GASB #54. A capital grant should be considered an "Other Financing Resources" or more appropriate recorded in the CSSRF capital project Funds.

As to the CSSRF Statement of Revenues, Expenditures, and Change in Fund Balance (page 8), the actual amounts authorized by the Board for Facility Fees and specified for capital projects (\$3,322,215) and debt service (\$410,015) and the Capital Grants of \$1,637,399 specified for the Incline Ball Fields renovation overstating revenues by **\$5,369,629 representing ve been reported as operating revenues which overstated the excess revenues by 80%.**

This is a brazen attempt to mislead citizens and Trustees by violating basic accounting principles.

I would ask the Audit Committee Chairman to include a discussion of these issues at the next audit committee meeting.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2020

This is not segregating current assets and current liabilities

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,988,914	\$ 8,993,930	\$ 23,982,844
Short term investments This should be Cash & Equivalents	1,750,000	500,000	2,250,000
Receivables:			
Accounts receivable, net	7,165	1,268,002	1,275,167
Interest on investments	33,822	17,560	51,382
Taxes and Fees from Washoe County	38,915	-	38,915
Grants Receivable	371,079	12,881	383,960
Due from other governments	466,729	-	466,729
Inventories and supplies	557,257	151,327	708,584
Prepaid items	175,449	-	175,449
Long term investments This should be Cash & Equivalents	8,261,888	5,250,000	13,511,888
Restricted assets: <small>no need for this heading</small>			
Temporarily restricted investments	385,160	322,895	708,055
Capital assets:			
Land	17,290,327	6,715,544	24,005,871
Construction in progress	2,974,576	1,621,412	4,595,988
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	39,176,264	59,075,046	98,251,310
Total assets	<u>86,477,544</u>	<u>83,928,598</u>	<u>170,406,142</u>
LIABILITIES			
Accounts payable	855,846	355,032	1,210,879
Accrued personnel costs	1,587,807	444,160	2,031,966
Accrued interest payable	11,235	54,080	65,315
Due to other governments	17,517	-	17,517
Unearned revenue	1,776,482	167,926	1,944,408
Noncurrent liabilities:			
Due within one year <small>This is current liability</small>	538,707	368,000	906,707
Due in more than one year	592,978	3,716,938	4,309,916
Total liabilities	<u>5,380,571</u>	<u>5,106,136</u>	<u>10,486,707</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow	-	-	-
NET POSITION			
Net investment in capital assets	58,309,483	63,327,064	121,636,547
Restricted Investments by Third Party Agreement	385,160	322,895	708,055
Restricted for Capital Projects		11,569,657	
Unrestricted	22,402,330	3,602,846	37,574,832
Total net position	<u>\$ 81,096,973</u>	<u>\$ 78,822,462</u>	<u>\$ 159,919,435</u>

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

This should be all funds

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,106,516	\$ 1,367,400	\$ -	\$ -	\$ (2,739,116)	\$ -	\$ (2,739,116)
Community Services <small>includes depreciation</small>	19,614,541	15,563,564	17,000	1,637,399	(2,396,577)	-	(2,396,577)
Beach <small>includes depreciation</small>	2,001,975	1,619,582	-	-	(382,392)	-	(382,392)
Fleet, Engineering, Bldgs. & Work Comp	2,777,879	2,623,819	-	-	(154,060)	-	(154,060)
Total governmental-type activities	28,500,911	21,174,366	17,000	1,637,399	(5,672,145)	-	(5,672,145)
Business-type activities:							
Utilities	11,374,323	12,564,466	-	-	-	1,190,142	1,190,142
Total primary government	\$ 39,875,234	\$ 33,738,832	\$ 17,000	\$ 1,637,399	(5,672,145)	1,190,142	(4,482,003)
General revenues:							
Property taxes					1,722,896	-	1,722,896
Combined taxes					1,719,933	-	1,719,933
Facility Fees					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,434
Gain on sale of capital assets					270,731	(19,184)	251,547
Insurance Proceeds					-	-	-
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					11,113,645	324,041	11,437,686
Changes in net position					5,441,500	1,514,184	6,955,683
Net position - beginning					75,655,473	77,308,278	152,963,751
Net position - ending					\$ 81,096,973	\$ 78,822,462	\$ 159,919,434

Internal Services Fund

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

Community Services Capital Projects is a Major Fund and should be included.

Capital Grants could never be considered special revenue fund revenues

Should include CSCPF because of MAJOR FUND requirements

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

Excludes capital assets net of related debt

	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	\$ 5,504,558	\$ 16,724,284	\$ 2,646,405	\$ -	\$ -	\$ -	\$ -	\$ 24,875,248
Accounts receivable, net	-	3,632	3,533	-	-	-	-	7,165
Interest receivable on investments	21,821	8,558	3,443	-	-	-	-	33,822
Taxes and Fees from Washoe County	7,146	27,154	4,614	-	-	-	-	38,915
Grants receivable	-	371,079	-	-	-	-	-	371,079
Due from other governments	333,467	113,913	19,350	-	-	-	-	466,729
Inventories	-	487,338	-	-	-	-	-	487,338
Prepaid items	159,611	15,838	-	-	-	-	-	175,449
Restricted deposits	243,027	141,134	1,000	-	-	-	-	385,160
Total assets	\$ 6,269,630	\$ 17,892,929	\$ 2,678,344	\$ -	\$ -	\$ -	\$ -	\$ 26,840,904
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 219,726	\$ 570,159	\$ 41,381	\$ -	\$ -	\$ -	\$ -	\$ 831,265
Accrued personnel costs	1,176,685	310,954	27,815	-	-	-	-	1,515,454
Due to other governments	-	-	17,517	-	-	-	-	17,517
Unearned revenue	243,070	1,533,413	-	-	-	-	-	1,776,482
Total liabilities	1,639,480	2,414,526	86,712	-	-	-	-	4,140,718
Deferred Inflow of Resources								
Deferred Inflow	-	369,662	-	-	-	-	-	369,662
Fund balance								
Non-spendable	159,611	503,176	-	-	-	-	-	662,787
Restricted Deposits by Third Party Agreement	243,027	141,134	1,000	-	-	-	-	385,160
Assigned	1,359,737	14,464,432	2,590,632	-	-	-	-	18,414,801
Unassigned	2,867,776	-	-	-	-	-	-	2,867,776
Total fund balance	4,630,150	15,108,742	2,591,632	-	-	-	-	22,330,524
Total liabilities and fund balance	\$ 6,269,630	\$ 17,892,929	\$ 2,678,344	\$ -	\$ -	\$ -	\$ -	\$ 26,840,904
The notes to the financial statements are an integral part of this statement.								
Compare to Statement of Rev, Exp and Chg in Fund Balance	4,630,151	15,091,285	2,591,633	-	-	-	-	22,313,068
	1	(17,457.15)	1	-	-	-	-	(17,456)
							Committed Funds for contracts	

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

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

Total Fund Balance for Governmental Activities	\$ 22,330,524
General Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	3,192,825
Community Services Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	51,499,730
Accrued interest, not to be liquidated from currently available resources	(11,054)
Capital Grants in Deferred Inflows due to collection beyond 60 days	369,662
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(1,118,694)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	5,231
Beach Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	4,684,265
Accrued interest, not to be liquidated from currently available resources	(181)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(18,306)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	84
Internal Services Fund:	
Total Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>162,886</u>
Net Position of Governmental Activities	<u>\$ 81,096,972</u>

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

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

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Ad valorem taxes	\$ 1,706,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,172
Personal Property Tax	16,724	-	-	-	-	-	-	16,724
Intergovernmental:								
Consolidated taxes	1,483,310	-	-	-	-	-	-	1,483,310
Local Government Tax Act	236,623	-	-	-	-	-	-	236,623
Services	-	35,244	-	-	-	-	-	35,244
Charges for Services	-	15,451,762	1,619,582	-	-	-	-	17,071,344
Facility Fees	-	5,774,067	966,817	-	-	-	-	6,740,884
Interfund Services	-	76,558	-	-	-	-	-	76,558
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	1,637,399	-	-	-	-	-	1,637,399
Investment income	432,643	126,143	28,422	-	-	-	-	587,208
Miscellaneous	952	116,041	-	-	-	-	-	116,993
Total revenues	3,876,424	23,234,215	2,614,821	-	-	-	-	29,725,460
EXPENDITURES								
GENERAL GOVERNMENT								
Manager	407,666	-	-	-	-	-	-	407,666
Trustees	168,531	-	-	-	-	-	-	168,531
Accounting	914,959	-	-	-	-	-	-	914,959
Information Services	735,979	-	-	-	-	-	-	735,979
Risk Management	-	-	-	-	-	-	-	-
Human Resources	882,543	-	-	-	-	-	-	882,543
Health & Wellness	33,532	-	-	-	-	-	-	33,532
Community & Employee Relations	118,664	-	-	-	-	-	-	118,664
Administration	537,960	-	-	-	-	-	-	537,960
Central Services Cost Allocation Income	(1,367,400)	inconsistent with	Statement of Activities	-	-	-	-	(1,367,400)
Capital Outlay	279,424	-	-	-	-	-	-	279,424
RECREATION								
Championship Golf	-	4,255,618	-	-	-	-	-	4,255,618
Mountain Golf	-	960,547	-	-	-	-	-	960,547
Facilities	-	469,752	-	-	-	-	-	469,752
Ski	-	7,011,524	-	-	-	-	-	7,011,524
Community Programming and Recreation Center	-	2,189,572	-	-	-	-	-	2,189,572
Parks	-	843,619	-	-	-	-	-	843,619
Tennis	-	242,873	-	-	-	-	-	242,873
Recreation Administration	-	572,599	-	-	-	-	-	572,599
Beach	-	-	1,758,393	-	-	-	-	1,758,393
Capital Outlay	-	-	-	-	-	-	-	-
Championship Golf	-	-	-	439,872	-	-	-	439,872
Mountain Golf	-	-	-	1,592,962	-	-	-	1,592,962
Facilities	-	-	-	71,584	-	-	-	71,584
Ski	-	-	-	792,711	-	-	-	792,711
Community Programming and Recreation Center	-	-	-	244,815	-	-	-	244,815
Parks	-	-	-	1,944,812	-	-	-	1,944,812
Tennis	-	-	-	233,778	-	-	-	233,778
Recreation Administration	-	-	-	(261,502)	-	-	-	(261,502)
Beach	-	-	-	-	82,009	-	-	82,009
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	355,188	5,812	361,000
Interest	-	-	-	-	-	29,166	477	29,644
Total expenditures	2,711,859	16,546,104	1,758,393	5,059,031	82,009	384,354	6,289	26,548,040
Excess revenues (expenditures)	1,164,565	6,688,111	856,428	(5,059,031)	(82,009)	(384,354)	(6,289)	3,177,420
OTHER FINANCING SOURCES:								
Sale of Capital and Intangible Assets	-	270,731	-	-	-	-	-	270,731
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(5,059,031)	(82,009)	5,059,031	82,009	-	-	(0)
Transfers In (Out) - Facility Fees for Debt Service	-	(384,354)	(6,289)	-	-	384,354	6,289	0
Transfers In (Out) - From (for) Other Sources	(300,000)	241,875	13,125	-	-	-	-	(45,000)
Net change in fund balance	864,565	1,757,332	781,255	-	-	-	-	3,403,151
Fund balance, July 1	3,765,586	13,333,953	1,810,378	-	-	-	-	18,909,917
Fund balance, June 30	\$ 4,630,151	\$ 15,091,285	\$ 2,591,633	\$ -	\$ -	\$ -	\$ -	\$ 22,313,068

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

22,330,524
\$ (17,456)

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

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

Total Net Change in Fund Balance for Governmental Funds	\$ 3,403,151
General Fund:	
Capital Assets acquired during the year and capitalized	279,424
Unallocated depreciation expense for the fiscal year	(306,681)
Community Services Fund:	
Capital Assets acquired during the year and capitalized	5,059,031
Depreciation expense for the fiscal year	(3,039,270)
Net book value of assets sold	-
Pump Track Capital Grants collected for prior year	-
Principal paid on long-term liabilities, including bonds payable	355,188
Interest accrued versus paid	
Amortize Bond Discount for fiscal year	
Miscellaneous revenue	
Beach Fund:	
Facility Fees for periods through June 30, 2020 that were received after August 30, 2020.	-
Capital Assets acquired during the year and capitalized	82,009
Depreciation expense for the fiscal year	(243,104)
Principal paid on long-term liabilities, including bonds payable	5,813
Interest accrued versus paid	
Amortize Bond I	-
Internal Services Fund:	
Total Change in Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>(154,060)</u>
Change in Net Position of Governmental Activities	<u>\$ 5,441,501</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,172	\$ 8,365
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment earnings	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Total revenues	<u>3,652,899</u>	<u>3,652,899</u>	<u>3,876,424</u>	<u>223,525</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
Manager	456,289	456,289	407,666	48,623
Trustees	216,420	216,420	168,531	47,889
Accounting	958,297	958,297	914,959	43,338
Information Services	1,073,697	1,073,697	735,979	337,718
Human Resources	974,317	974,317	882,543	91,774
Health and Wellness	45,376	45,376	33,532	11,844
Communications	216,573	216,573	118,664	97,909
Administration	474,855	474,855	537,960	(63,105)
Central Services Cost Allocation Income	(1,367,400)	(1,367,400)	(1,367,400)	-
Capital Outlay	686,445	686,445	279,424	407,021
Total expenditures	<u>3,734,869</u>	<u>3,734,869</u>	<u>2,711,859</u>	<u>1,023,010</u>
Excess (deficiency) of revenues over expenditures	<u>(81,970)</u>	<u>(81,970)</u>	<u>1,164,565</u>	<u>1,246,535</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers (Out)	(561,800)	(561,800)	(300,000)	261,800
Total other financing sources (uses)	<u>(706,800)</u>	<u>(706,800)</u>	<u>(300,000)</u>	<u>406,800</u>
Net changes in fund balance	(788,770)	(788,770)	864,565	1,653,335
Fund balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,342</u>	<u>\$ 2,304,342</u>	<u>\$ 4,630,151</u>	<u>\$ 2,325,809</u>

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

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

Facility Fee
Operations \$2,050,750
Capital Projects 3,322,215
Debt Service 410,150

	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES					
Charges for Services					
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,037,096	\$ (479,225)	
Mountain Golf	678,573	678,573	690,798	12,225	
Facilities	420,793	420,793	361,890	(58,903)	
Ski	9,222,320	9,222,320	9,781,499	559,179	
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)	
Parks	62,178	62,178	32,505	(29,673)	
Tennis	156,100	156,100	133,786	(22,314)	
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888	
Subtotal Charges for Services	15,592,894	15,592,894	15,451,762	(141,132)	
Facility Fees Should be detailed	5,783,115	5,783,115	5,774,067.46	(9,048)	
Intergovernmental Services	23,400	23,400	35,244	11,844	
Interfund Services	98,210	98,210	76,558	(21,652)	
Operating Grants	17,000	17,000	17,000	(0)	
Capital Grants	623,800	623,800	1,637,399	1,013,599	
Investment income	50,000	50,000	126,143	76,143	
Miscellaneous - other	110,361	110,361	116,041	5,680	
Total revenues	22,298,780	22,298,780	23,234,215	935,435	
EXPENDITURES					
COMMUNITY SERVICES OPERATIONS:					
Championship Golf	4,703,639	4,703,639	4,255,618	448,021	
Mountain Golf	1,027,877	1,027,877	960,547	67,330	
Facilities	549,035	549,035	469,752	79,283	
Ski	7,565,368	7,565,368	7,011,524	553,844	
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551	
Parks	891,279	891,279	843,619	47,661	
Tennis	270,423	270,423	242,873	27,550	
Recreation Administration	444,071	444,071	572,599	(128,528)	
COMM. SERVICES CAPITAL OUTLAY					
Championship Golf	653,200	-	-	-	
Mountain Golf	2,420,700	-	-	-	
Facilities	180,400	-	-	-	
Ski	2,770,850	-	-	-	\$6,688,111
Community Programming and Recreation Center	468,650	-	-	-	
Parks	1,028,752	-	-	-	CIP (3,322,225)
Tennis	1,363,950	-	-	-	DS (410,150)
Recreation Administration	-	-	-	-	Grants (1,637,399)
COMM. SERVICES DEBT SERVICE					
Principal	355,188	-	-	-	
Interest	29,166	-	-	-	Net \$1,318,337
Total expenditures	27,197,671	17,926,815	16,546,104	1,380,711	
Excess (deficiency) of revenues over expenditures	(4,898,891)	4,371,965	6,688,111	2,316,146	
OTHER FINANCING SOURCES (USES)					
Sale of assets	-	-	270,731	270,731	
Insurance Proceeds	300,000	300,000	-	(300,000)	Mountain Golf course
Contingency	-	-	-	-	
Operating Transfers In	561,800	561,800	241,875	(319,925)	
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(5,059,031)	3,827,471	
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	(0)	
Total other financing sources (uses)	861,800	(8,409,056)	(4,930,779)	3,478,277	
Net changes in fund balance	(4,037,091)	(4,037,091)	1,757,332	5,794,423	Belongs in Capital Projects Fund Resolution 1838
Fund Balance, July 1	13,183,167	13,183,167	13,333,953	150,786	
Fund balance, June 30	\$ 9,146,076	\$ 9,146,076	\$ 15,091,285	\$ 5,945,209	

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

Facility Fee

Operations \$658,580

Cap Projects 302,172

Debt Service 7,748

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees	968,500	968,500	966,817	(1,683)
Investment earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
EXPENDITURES				
BEACH RECREATION:				
Beach - Operations	2,109,190	2,109,190	1,758,393	350,797
Capital Outlay	990,050			-
Debt Service				
Principal	5,812			-
Interest	477			-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,393</u>	<u>350,797</u>
Excess (deficiency) of revenues over expenditures	<u>(625,729)</u>	<u>370,610</u>	<u>856,428</u>	<u>485,818</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	13,125	13,125
Operating Transfers (Out) - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers (Out) - Debt Service	-	(6,289)	(6,289)	-
Total other financing sources (uses)	<u>-</u>	<u>(996,339)</u>	<u>(75,173)</u>	<u>921,166</u>
Net changes in fund balance	<u>(625,729)</u>	<u>(625,729)</u>	<u>781,255</u>	<u>1,406,984</u>
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,633</u>	<u>\$ 1,468,191</u>

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

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

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,993,930	\$ 125,554
Short term investments	500,000	-
Accounts receivable	1,268,002	-
Interest receivable	17,560	-
Grants receivable	12,881	-
Inventories	151,327	69,919
Prepaid expenses	-	-
Total current assets	<u>10,943,700</u>	<u>195,473</u>
Noncurrent assets:		
Investments - long-term	5,250,000	-
Contractual deposits	100	-
Restricted deposit for debt service reserve	229,223	-
Restricted for TRPA Deposits	93,572	-
	<u>5,572,895</u>	<u>-</u>
Capital Assets		
Land	6,715,544	-
Construction in progress	1,621,412	-
Buildings and structures	15,623,216	-
Improvements and Infrastructure	114,687,380	-
Equipment and vehicles	3,882,231	253,869
Total capital assets	<u>142,529,783</u>	<u>253,869</u>
Less: accumulated depreciation	<u>(75,117,781)</u>	<u>(189,522)</u>
Total capital assets (net)	<u>67,412,002</u>	<u>64,347</u>
Total noncurrent assets	<u>72,984,897</u>	<u>64,347</u>
Total assets	<u>83,928,598</u>	<u>259,820</u>
LIABILITIES		
Current liabilities:		
Accounts payable	355,032	24,581
Accrued personnel costs	444,160	72,353
Accrued interest payable	54,080	-
Unearned revenue	167,926	-
Current maturities of long-term debt	368,000	-
Total current liabilities	<u>1,389,198</u>	<u>96,934</u>
Non-current liabilities:		
Non-current long term debt	<u>3,716,938</u>	<u>-</u>
Total liabilities	<u>5,106,136</u>	<u>96,934</u>
NET POSITION		
Net investment in capital assets	63,327,064	64,347
Restricted Deposits by Third Party Agreement	322,895	-
Restricted for Capital Projects	11,569,657	-
Unrestricted	<u>3,602,846</u>	<u>98,539</u>
Total net position	<u>\$ 78,822,462</u>	<u>\$ 162,886</u>

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

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

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
OPERATING REVENUES		
Sales and fees	\$ 12,396,967	\$ -
Operating grants	-	-
Interfund services	167,499	2,623,819
Total operating revenues	<u>12,564,466</u>	<u>2,623,819</u>
OPERATING EXPENSES		
Wages and benefits	4,151,482	1,976,675
Cost of goods sold	4,815	-
Services and supplies	1,982,362	763,514
Defensible Space	97,876	-
Central Services Cost	353,700	-
Insurance	185,410	13,687
Utilities	894,515	11,442
Professional fees	221,815	-
Depreciation	3,370,510	12,561
Total operating expenses	<u>11,262,485</u>	<u>2,777,879</u>
Operating income	<u>1,301,981</u>	<u>(154,060)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	298,225	-
Gain (loss) on sales of assets	(19,184)	-
Interest on bond debt	(111,838)	-
Total nonoperating revenues (expenses)	<u>167,203</u>	<u>-</u>
Income before transfers and contributions	<u>1,469,184</u>	<u>(154,060)</u>
Transfer In (Out)	45,000	-
Changes in net position	1,514,184	(154,060)
Total net position, July 1	<u>77,308,278</u>	<u>316,945</u>
Total net position, June 30	<u>\$ 78,822,462</u>	<u>\$ 162,885</u>

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

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

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 11,296,890	\$ -
Receipts from interfund services provided	167,499	2,623,819
Receipts from operating grants	-	-
Payments to suppliers	(3,536,787)	(833,981)
Payments to employees	(3,707,323)	(1,904,322)
Net cash provided (used) by operating activities	<u>4,220,279</u>	<u>(114,483)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer (to) from other funds	45,000	-
Net cash provided (used) by non-capital financing activities	<u>45,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,657,787)	-
Proceeds (costs) from sale of assets	(19,184)	-
Payments on capital debt	(523,988)	-
Capital contributions	(12,881)	-
Interest expense	(57,759)	-
Net cash provided (used) by capital and related financing activities	<u>(2,271,599)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted investments released (increased)	-	-
Investments purchased	-	-
Long-term investments matured	(5,750,000)	-
Investment earnings	(17,560)	-
Net cash provided (used) by investing activities	<u>(5,767,560)</u>	<u>-</u>
Net change in cash and cash equivalents	(3,773,880)	(114,483)
Cash and cash equivalents, July 1	4,366,202	435,837
Cash, cash equivalents and investments, June 30	<u>\$ 592,322</u>	<u>\$ 321,354</u>

(Continued)

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

	Business - type	
	Activities	Governmental
	Enterprise	Activities
	Utility	Internal
	Fund	Services Fund
	<u> </u>	<u> </u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating		
activities:		
Operating income (loss)	\$ 1,301,981	\$ (154,060)
Non-cash adjustments -		
Depreciation	3,370,510	12,561
Increase (decrease) in cash from changes in:		
Accounts receivable	(1,268,002)	-
Inventory	(151,327)	(69,919)
Prepaid expenses	-	-
Accounts payable	355,032	24,581
Accrued personnel costs	444,160	72,353
Unearned revenue and customer deposits	167,926	-
Total adjustments	<u>2,918,299</u>	<u>39,576</u>
Net cash provided (used) by operating activities	<u>\$ 4,220,279</u>	<u>\$ (114,483)</u>

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