

IVGID Board of Trustees Meeting  
December 14, 2022  
Chris Nolet – 765 Lakeshore Blvd

Before the 2022 ACFR is approved by the Board and submitted to the state of Nevada, I believe District financial management, DavisFarr and our Audit Committee should carefully reconsider one important audit finding. Management and our auditor reported 3 “significant deficiencies” (SDs) in internal control over financial reporting for the year ended June 30, 2022. One of the SDs was that that bank reconciliation for our main operating account was not completed until October 12, approximately 3.5 months after yearend. This account had a balance of approximately \$14 million on June 30th, which was not subject to effective internal controls at year end.

In general, the failed control(s) would normally be two 1) the completion of the bank reconciliation, and 2) the management review of the finalized reconciliation. Occasionally, these two controls are combined, which is often referred to as a “super control.” In either instance, the fact the internal controls over one of the District’s largest liquid assets failed is extremely concerning.

Our audit was completed in accordance with both US GAAS and Government Auditing Standards (GAS). To evaluate the severity of observed internal control weaknesses, I believe that one first looks to GAS 7.42, which cross-references to US GAAS AU-C Section 265. The guidance in Sections A6 and A7, noted below, requires management and the auditor to consider the “maximum potential error” in determining the nature of the internal control deficiency. The guidance goes on to say that the maximum potential error is the actual account balance itself. Hence, management is required to evaluate this internal control deficiency as more that remote, but less than likely, that a \$43 million error could occur in the ACFR.

It is possible that I may not understand the complete fact pattern, or the unlikely situation that there were mitigating controls. Otherwise, I am at a loss to understand how management, our auditor, or the Audit Committee did not conclude that this condition represents a “material weakness” in our system of internal controls?

Thank you

AICPA US GAAS AU-C 265 – Sections A6 and A7

A6. Factors that affect the magnitude of a misstatement that might result from a deficiency, or deficiencies, in internal control include, but are not limited to, the following: • **The financial statement amounts** or total of transactions exposed to the deficiency • **The volume of activity** (in the current period or expected in future periods) in the class of transactions or account balance exposed to the deficiency [As amended, effective for audits for periods ending on or after December 15, 2016, by SAS No. 130.] .

**A7 In evaluating the magnitude of the potential misstatement, the maximum amount by which an account balance or total of transactions can be overstated generally is the recorded amount, whereas understatements could be larger.**

January 9, 2023

To: IVGID Audit Committee members

CC: Indra Winquest, Paul Navazio, IVGID Board of Trustees

From: Clifford F. Dobler

Re: Observations and potential corrections to AFCR for June 30, 2022

**This memorandum is to be included as correspondence on the next Audit Committee Agenda**

I reviewed the Proprietary Funds financial statements and related notes presented to the Audit Committee on December 5, 2022. The items below were not addressed and should be considered. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows are included as exhibits A,B&C.

**Statement of Net Position**

Lease Receivables - A new addition this year was the capitalization of leases for \$1,749,412 (Exhibit G). Under Note 1 -G of the Financial Statements there is no reference to the new addition. As an extra jolt of wrong information is the narrative on "*other receivables*". It would be hard to conceive how an earned deposit (which is already received) could be a receivable.

Prepaid Expenses - In fiscal year 2021, and prior years there was approximately \$200,000 in prepaid expenses for Community Services and now in 2022 there is nothing. Was there a change in accounting? Why would Note 1-H have a statement about prepaid expenses for a mere \$762 in the Beach Fund?

Note 5 - Capital Assets (Exhibit E) is a detail of activities and should be expanded. "Decreases" should be changed into 2 columns - 1) Transfers to Capital Assets from Construction in Progress and 2) Disposition of Assets from retirement or sale. This will provide a better explanation of what "Decreases" actually are.

**Statement of Revenues, Expenses and Changes in Net Position**

Investment earnings(loss). The amounts for the Utility Fund and the Community Service Fund do not agree with the investment earnings(loss) on the Statement of Cash Flows:

- Utility Fund - (\$57,286) as opposed to (\$53,496)
- Community Services Fund (\$17,441) as opposed to \$271,192

The proper allocation of investment earnings has been a grave concern of the former audit committee members. IVGID staff cannot seem to properly allocate interest earned on cash deposit to the proper funds. See my memorandum dated October 18, 2021.

Capital Grants (or grants for capital improvements) of \$47,927 for Community Services is not a revenue item and should only be reflected in the Statement of Cash Flows. Transfers are never revenues or s. It should be noted that as of June 30, 2022, \$121,063 was expended on the Recreation Center Expansion. The Duffield grant was for \$65,000, of which, only \$47,927 was assumed collected. As such, a grant receivable of \$17,073 should have been reported.

### **Statement of Cash Flows**

The amounts for acquisition of capital assets for the Community Service Fund and Beach Fund do not agree with the Capital Project report (Exhibit G) provided to the Board on September 28, 2022. The largest difference is contained in the Community Services Fund wherein the Capital Project report indicates only \$1,966,553 in expenditures, however, the Statement of Cash Flows (Exhibit C) reports \$2,430,733. While it is understood that the Capital Project report is "unaudited" and adjustments could be made. If so, then a corrected version of the report should be provided when the audit is complete.

It is odd that the Internal Services Fund would have acquisitions of \$2,552 which is far below any threshold established by Board Policy.

Lastly the Capital Improvement Project Budget Carry-Forward (Note 18) (Exhibit F) indicates a total of \$9,827,031 of unspent budget would be carried over into fiscal 2023, however, the 9-28-2022 Capital Project report indicates only \$8,818,437 would be carried over which is over a \$1million difference. Too much of a difference for comfort.

The entire point of this memorandum is to stress to the Audit Committee and the Board of Trustees that there are no internal controls over financial reporting. Cross referencing is a must and obviously there are not appropriate staff members up to the task. In most cases information is disseminated which is inaccurate and should be changed (and normally never is) . This leads to wasteful reporting and a lack of trust in evaluating historical reports.

- Exhibit A - Statement of Net Position - June 30, 2022
- Exhibit B - Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2022
- Exhibit C - Statement of Cash Flows for the year ended June 30, 2022
- Exhibit D - Note 1-G - Receivables
- Exhibit E - Note 5 - Capital Assets
- Exhibit F - Note 18 - Commitments Affecting Future Periods - Capital Improvement Budget Carry Forward
- Exhibit G - Capital Projects -Capital Asset report - September 28, 2022

**EXHIBIT A**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022**

	<b>Utility Fund</b>	<b>Community Services Fund</b>	<b>Beach Fund</b>	<b>Internal Services Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 18,710,558	\$ 18,715,561	\$ 6,024,608	\$ 100,260	\$ 43,550,987
Accounts receivable	1,508,619	26,792	-	-	1,535,411
Lease receivable	-	1,749,412	-	-	1,749,412
Grants receivable	12,881	-	-	-	12,881
Due from other governments	-	24,032	118,434	-	142,466
Inventories	165,127	589,751	-	123,601	878,479
Prepaid expenses	-	-	762	-	762
Total current assets	<u>20,397,185</u>	<u>21,105,548</u>	<u>6,143,804</u>	<u>223,861</u>	<u>47,870,398</u>
Noncurrent assets:					
Contractual deposits	100	6,075	-	-	6,175
Restricted deposit for debt service reserve	230,729	-	-	-	230,729
Restricted for TRPA Deposits	94,189	135,951	1,000	-	231,140
Total noncurrent assets	<u>325,018</u>	<u>142,026</u>	<u>1,000</u>	<u>-</u>	<u>468,044</u>
Capital Assets:					
Land	6,715,544	12,315,573	2,304,850	-	21,335,967
Construction in progress	1,498,869	537,741	-	-	2,036,610
Buildings and structures	15,959,753	33,627,523	7,234,499	-	56,821,775
Improvements and Infrastructure	113,353,076	35,896,434	2,038,694	-	151,288,204
Right-to-use assets	-	78,537	-	-	78,537
Equipment and vehicles	3,797,362	12,536,411	529,560	240,596	17,103,929
Total capital assets	<u>141,324,604</u>	<u>94,992,219</u>	<u>12,107,603</u>	<u>240,596</u>	<u>248,665,022</u>
Less: accumulated depreciation	<u>(80,208,266)</u>	<u>(45,929,003)</u>	<u>(3,678,075)</u>	<u>(199,352)</u>	<u>(130,014,696)</u>
Total capital assets (net)	<u>61,116,338</u>	<u>49,063,216</u>	<u>8,429,528</u>	<u>41,244</u>	<u>118,650,326</u>
Total noncurrent assets	<u>61,441,356</u>	<u>49,205,242</u>	<u>8,430,528</u>	<u>41,244</u>	<u>119,118,370</u>
Total assets	<u>81,838,541</u>	<u>70,310,790</u>	<u>14,574,332</u>	<u>265,105</u>	<u>166,988,768</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	582,227	360,569	441,905	52,198	1,436,899
Accrued personnel costs	172,357	529,059	112,466	100,726	914,608
Accrued interest payable	38,837	4,328	71	-	43,236
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	11,939	-	11,939
Unearned revenue	183,519	1,824,668	39,243	-	2,047,430
Deposits payable	-	440,102	-	-	440,102
Current portion of compensated absences	82,417	101,232	9,757	24,774	218,180
Current maturities of long-term debt	569,407	384,429	6,291	-	960,127
Lease payable due within one year	-	30,401	-	-	30,401
Total current liabilities	<u>1,628,764</u>	<u>3,674,788</u>	<u>621,672</u>	<u>369,985</u>	<u>6,295,209</u>
Non-current liabilities:					
Compensated absences	218,510	209,876	17,866	46,010	492,262
Non-current long term debt	2,422,983	-	-	-	2,422,983
Lease payable due in more than one year	-	12,365	-	-	12,365
Total non-current liabilities	<u>2,641,493</u>	<u>222,241</u>	<u>17,866</u>	<u>46,010</u>	<u>2,927,610</u>
Deferred lease inflows	-	1,695,703	-	-	1,695,703
Total liabilities and deferred inflows	<u>4,270,257</u>	<u>5,592,732</u>	<u>639,538</u>	<u>415,995</u>	<u>10,918,522</u>
<b>NET POSITION</b>					
Net investment in capital assets	58,123,948	48,678,787	8,423,237	41,244	115,267,216
Restricted	325,018	142,026	1,000	-	468,044
Unrestricted	19,119,318	15,897,245	5,510,557	(192,134)	40,334,986
Total net position	<u>\$ 77,568,284</u>	<u>\$ 64,718,058</u>	<u>\$ 13,934,794</u>	<u>\$ (150,890)</u>	<u>\$ 156,070,246</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, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>OPERATING REVENUES</b>					
Sales and fees	\$ 12,885,588	\$ 18,590,272	\$ 750,123	\$ -	\$ 32,225,983
Recreation fee	-	830,977	5,259,704	-	6,090,681
Operating grants	22,138	17,000	-	-	39,138
Interfund services	122,384	149,813	-	2,594,923	2,867,120
Total operating revenues	13,030,110	19,588,062	6,009,827	2,594,923	41,222,922
<b>OPERATING EXPENSES</b>					
Wages and benefits	4,210,437	9,037,152	1,002,834	1,788,304	16,038,727
Cost of goods sold	10,212	1,305,464	1,652	-	1,317,328
Services and supplies	2,971,167	4,941,072	350,475	947,279	9,209,993
Defensible space	77,969	77,970	-	-	155,939
Central services cost	445,092	999,759	93,956	-	1,538,807
Insurance	211,382	442,932	39,371	15,829	709,514
Utilities	931,759	1,125,484	103,507	9,878	2,170,628
Professional fees	175,021	26,690	4,293	525	206,529
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Total operating expenses	12,318,166	20,916,816	1,784,774	2,772,356	37,792,112
Operating income (loss)	711,944	(1,328,754)	4,225,053	(177,433)	3,430,810
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	(57,286)	(17,441)	(19,005)	(671)	(94,403)
Insurance proceeds	-	97,894	-	-	97,894
Gain on sales of assets	9,096	-	-	-	9,096
Lease revenue	500	131,523	-	-	132,023
Miscellaneous revenue	-	328,456	-	-	328,456
Interest on bond debt	(81,563)	(12,501)	(169)	-	(94,233)
Total nonoperating revenues (expenses)	(129,253)	527,931	(19,174)	(671)	378,833
Income before transfers and contributions	582,691	(800,823)	4,205,879	(178,104)	3,809,643
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital Grants	-	47,927	-	-	47,927
Change in net position	582,691	(752,896)	4,205,879	(178,104)	3,857,570
Total net position, July 1, as previously reported	76,985,593	-	-	27,214	77,012,807
Prior Period Adjustment	-	65,470,954	9,728,915	-	75,199,869
Total net position, July 1, as adjusted	76,985,593	65,470,954	9,728,915	27,214	152,212,676
Total net position, June 30	\$ 77,568,284	\$ 64,718,058	\$ 13,934,794	\$ (150,890)	\$ 156,070,246

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, 2022

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 12,766,774	\$ 20,371,990	\$ 5,974,106	\$ -	\$ 39,112,870
Receipts from interfund services provided	122,384	149,813	-	2,594,923	2,867,120
Payments to suppliers	(4,532,707)	(8,917,646)	(949,796)	(812,612)	(15,212,761)
Payments to employees	(4,070,858)	(8,296,220)	(870,745)	(1,678,828)	(14,916,651)
Net cash provided (used) by operating activities	4,285,593	3,307,937	4,153,565	103,483	11,850,578
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(715,805)	(2,430,733)	(3,209,295)	(2,552)	(6,358,385)
Proceeds from sale of assets	9,096	-	-	-	9,096
Insurance proceeds	-	97,894	-	-	97,894
Lease proceeds	500	176,871	-	-	177,371
Proceeds from capital grants	-	47,927	-	-	47,927
Assume Duffield grant					
Payments on capital debt	(553,842)	(370,264)	(6,059)	-	(930,165)
Interest paid on long term debt	(89,292)	(13,500)	(237)	-	(103,029)
Net cash provided (used) by capital and related financing activities	(1,349,343)	(2,491,805)	(3,215,591)	(2,552)	(7,059,291)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Long-term investments matured	1,507,905	760,122	-	-	2,268,027
Investment earnings (losses)	(53,496)	271,192	(19,005)	(671)	198,020
Do not agree with page 25					
Net cash provided (used) by investing activities	1,454,409	1,031,314	(19,005)	(671)	2,466,047
Net change in cash and cash equivalents	4,390,659	1,847,446	918,969	100,260	7,257,334
Cash and cash equivalents, July 1	14,644,917	17,010,141	5,106,639	-	36,761,697
Cash, cash equivalents and investments, June 30	\$ 19,035,576	\$ 18,857,587	\$ 6,025,608	\$ 100,260	\$ 44,019,031

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 711,944	\$ (1,328,754)	\$ 4,225,053	\$ (177,433)	\$ 3,430,810
Non-cash adjustments -					
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Increase (decrease) in cash from changes in:					
Accounts receivable	(152,550)	38,173	13,056	-	(101,321)
Grants receivable	-	373,912	-	-	373,912
Due from other governments	-	38,836	(34,709)	-	4,127
Inventories	(4,059)	(170,195)	-	(47,806)	(222,060)
Prepaid expenses	-	197,520	(762)	-	196,758
Accounts payable	293,954	(25,600)	(352,593)	16,418	(67,821)
Accrued personnel costs	(161,348)	429,824	104,466	38,692	411,634
Compensated absences	300,927	311,108	27,623	70,784	710,442
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	(3,187)	-	(3,187)
Misc. Liabilities	-	(8,334)	-	-	(8,334)
Deposits payable	-	(57,133)	-	-	(57,133)
Unearned revenue	11,598	548,287	(14,068)	-	545,817
Total adjustments	3,573,649	4,636,691	(71,488)	280,916	8,419,768
Net cash provided (used) by operating activities	<u>\$ 4,285,593</u>	<u>\$ 3,307,937</u>	<u>\$ 4,153,565</u>	<u>\$ 103,483</u>	<u>\$ 11,850,578</u>

There were no noncash capital, financing, and investing activities

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022**

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 benefited 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 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; Level 3 are significant unobservable 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.



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022**

*Grants Receivable.* The District has been awarded grants to finance the construction of various infrastructure projects (ex. utilities, creek zone restoration, and upgrade a ballfield). Such grant funds are considered earned when requisite construction costs are incurred. The District has recognized funds earned but not collected by a Grants Receivable, in the government wide financial statements.

*Other Receivables.* Accounts receivable reflects service charges to customers and resident for deposits or fees that are earned, but not collected. 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 Utility, Community Services, and Beach 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.

**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 position.

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

Activities of the Beach Proprietary Fund include 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.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

## 5. CAPITAL ASSETS

Additional column required for dispositions.

Combining dispositions with transfers from Construction in

Progress to capital assets provides a lack of disclosure.

Capital Asset activity for the year ended June 30, 2022:

	Balance 7/1/2021 *	Increases	Decreases	Balance June 30, 2022
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Construction in Progress	292,949	98,550	(55,596)	335,903
Total governmental capital assets, not being depreciated	2,962,853	98,550	(55,596)	3,005,807
Capital assets, being depreciated				
Buildings and Structures	828,251	-	-	828,251
Equipment and Vehicles	1,762,263	55,596	-	1,817,859
Total governmental capital assets, being depreciated	2,590,514	55,596	-	2,646,110
Less accumulated depreciation for:				
Buildings and Structures	(750,008)	(16,766)	-	(766,774)
Equipment and Vehicles	(1,455,212)	(111,564)	-	(1,566,776)
Total accumulated depreciation	(2,205,220)	(128,330)	-	(2,333,550)
Total governmental capital assets being depreciated, net	385,294	(72,734)	-	312,560
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 3,348,147</b>	<b>\$ 25,816</b>	<b>\$ (55,596)</b>	<b>\$ 3,318,367</b>

~~Business-Type Activities~~

Proprietary Capital assets not being depreciated				
Land - Utilities	\$ 6,715,544	\$ -	\$ -	\$ 6,715,544
Land - Community Services	12,315,573	-	-	12,315,573
Land - Beach	2,304,850	-	-	2,304,850
Construction in progress - Utilities	1,035,834	905,605	(442,570)	1,498,869
Construction in progress - Community Services	262,750	1,501,473	(1,226,482)	537,741
Construction in progress - Beach	1,383,864	3,209,294	(4,593,158)	-
Total proprietary capital assets, not being depreciated	24,018,415	5,616,372	(6,262,210)	23,372,577
Proprietary Capital assets, being depreciated				
Buildings and structures - Utilities	15,959,753	-	-	15,959,753
Buildings and structures - Community Services	33,457,451	240,821	(70,749)	33,627,523
Buildings and structures - Beach	2,641,340	4,593,158	-	7,234,498
Services infrastructure - Utilities	113,100,306	252,770	-	113,353,076
Venue improvements - Community Services	35,404,502	491,932	-	35,896,434
Venue improvements - Beach	2,038,694	-	-	2,038,694
Equipment and vehicles - Utilities	3,797,362	-	-	3,797,362
Equipment and vehicles - Community Services	12,080,845	1,059,358	(603,792)	12,536,411
Right to use leased equipment - Community Services	78,537	-	-	78,537
Equipment and vehicles - Beach	529,561	-	-	529,561
Equipment and vehicles - Internal Services	240,596	-	-	240,596
Total proprietary capital assets at historical cost	219,328,947	6,638,039	(674,541)	225,292,445

\* Balance as of June 30, 2021 has been restated to implement GASB Statement No. 87

Which relates to what?

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022**

**5. CAPITAL ASSETS (continued)**

Capital Asset activity for the year ended June 30, 2022:	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Less accumulated depreciation for:				
Buildings and structures - Utilities	(8,257,034)	(440,356)	-	(8,697,390)
Buildings and structures - Community Services	(15,564,938)	(1,006,566)	54,620	(16,516,884)
Buildings and structures - Beach	(1,728,405)	(83,024)	-	(1,811,429)
Services infrastructure - Utilities	(66,047,209)	(2,702,767)	-	(68,749,976)
Venue improvements - Community Services	(20,467,114)	(928,137)	-	(21,395,251)
Venue improvements - Beach	(1,450,971)	(46,749)	-	(1,497,720)
Equipment and vehicles - Utilities	(2,618,896)	(142,004)	-	(2,760,900)
Equipment and vehicles - Community Services	(7,594,225)	(986,542)	602,950	(7,977,817)
Right to use leased equipment - Community Services	-	(38,051)	-	(38,051)
Equipment and vehicles - Beach	(310,013)	(59,913)	-	(369,926)
Equipment and vehicles - Internal Services	(188,811)	(10,541)	-	(199,352)
Total accumulated depreciation	<u>(124,227,616)</u>	<u>(6,444,650)</u>	<u>657,570</u>	<u>(130,014,696)</u>
Total proprietary capital assets being depreciated, net	<u>95,179,868</u>	<u>193,389</u>	<u>(16,971)</u>	<u>95,356,286</u>
<b>Business-Type Activities Capital Assets, net</b>	<u><u>\$ 119,198,283</u></u>	<u><u>\$ 5,809,761</u></u>	<u><u>\$ (6,279,181)</u></u>	<u><u>\$ 118,728,863</u></u>

The District has a number of Construction in Progress projects open as of June 30, 2022. The Utility Fund includes \$1,114,233 for the design phase of the Effluent Export Line. That project will be ongoing through at least 2023. The Community Services Fund has \$132,976 for the Locker Room Improvements. 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, 2022 were charged to functions as follows:

Governmental Activities:	
General Government	<u>\$ 128,330</u>
Business-Type Activities:	
Utility Fund Water and Sewer	3,285,128
Recreation	2,960,294
Beach	188,687
Internal Services	<u>10,541</u>
Total Proprietary Depreciation	<u>6,444,650</u>
Total Depreciation Expense	<u><u>\$ 6,572,980</u></u>

**6. COMPENSATED ABSENCES**

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 4 eligible employees covered. The District has no other post-employment benefit obligations for health insurance or retirement benefits.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

**18. COMMITMENTS AFFECTING FUTURE PERIODS****General Fund:**

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$220,800 for calendar year 2022 services. As of June 30, 2022, \$110,400 in quarterly deposits are remaining as a part of the subsequent year's budget.

**Capital Improvement Project Budget Carry-Forward:**

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, Community Services Fund, and Beach Fund resources become part of Unrestricted Net Position, and are budgeted under cash flow on the State of NV budget forms. Board-approved amounts carried-forward at year-end are as follows:

General Fund	\$ 124,300	
Utility Fund	5,887,795	\$9,827,031
Community Services Fund	3,125,713	
Beach Fund	689,223	

The District has committed to contractual obligations for selected capital improvement projects through contracts, resulting in encumbered funds at year-end. These are included in the appropriations carry-forward to the FY2022/23 budget, and are summarized as follows:

Contractor	Project	Contract Amount	Completed (6/30/22)	Remaining Amount
CORE West, Inc	Burnt Cedar Pool Imp	\$3,845,865	\$3,567,790	\$ 278,075
Avail Enterprises, LLC	Rec Center Lobby	159,832	-	159,832
Ward-Young Architects	Rec Center Lobby	36,724	32,724	4,000
Ward-Young Architects	Rec Center Locker Room	91,972	85,904	6,068
Granite Construction	Effluent Pipeline	369,218	190,609	178,609
Axess America	RFID Gates	369,105	105,458	263,647

**19. 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 \$19,732.

**20. PRIOR PERIOD ADJUSTMENT(S)**

The Statement of Activities includes prior period adjustments resulting from changes in accounting practices, as follows:

In fiscal year 2022 the District returned the Community Services fund and the Beach fund to proprietary fund accounting. This change in accounting method requires a prior period adjustment for long term assets and long term liabilities reported under the proprietary fund method that are not reported under the governmental fund method. The total of the prior period adjustment is \$75,199,871 as stated in the Statement of Activities.

Incline Village General Improvement District

Capital Improvement Projects Report to the Board of Trustees

FY2021/22 CIP Status Report for the Quarter Ending June 30, 2022

DESCRIPTION	PROJECT #	FY2021/22 Original Budget	Estimated Carry Forward	FY2021/22 Adopted Budget	Prior Year Carry-Forward	Projects Cancelled	Adjustments	Reallocation	FY2021/22 Adjusted Budget	Fiscal Year Expenditures As of 06/30/22	Variance	Status	Carry-Forward Recommendations
<b>General Fund:</b>													
Network Upgrades - Switches, Controllers, WAP	1213CE2102	75,000	-	75,000	-				75,000	-	75,000	Carried Forward 5/26	75,000
Security Cameras	1213CE2105	100,000	-	100,000	-			(100,000)	-	-	-	In Progress / Expense	-
Human Resource Management and Payroll Processing Software	1315CO1801	91,438	75,000	166,438	(12,353)				154,085	98,650	55,535	In Progress	Accrual
<b>Total General Fund</b>		<b>\$ 266,438</b>	<b>\$ 75,000</b>	<b>\$ 341,438</b>	<b>\$ (12,353)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (100,000)</b>	<b>\$ 229,085</b>	<b>\$ 98,650</b>	<b>\$ 130,535</b>		
<b>Utility Fund:</b>													
Replace Roof Public Works #B	2097BD1704	60,000	-	60,000	-				60,000	-	60,000	Cancelled	-
Public Works Billing Software Replacement	2097CO2101	10,000	-	10,000	10,000				20,000	-	20,000	Delayed	20,000
Water Reservoir Safety and Security Improvements (Moved from Water)	2097DI1701	-	-	-	67,000				67,000	-	67,000	In Progress	
Loader Tire Chains - 2 Sets	2097HE1725	20,000	-	20,000	-				20,000	-	20,000	In Progress	20,000
2002 Caterpillar 950G Loader #523	2097HE1729	265,000	-	265,000	-				265,000	-	265,000	In Progress	265,000
2002 Caterpillar 950G Loader #525	2097HE1730	265,000	-	265,000	-				265,000	-	265,000	In Progress	265,000
Snowplow #300A	2097LE1720	19,000	-	19,000	-				19,000	-	19,000	In Progress	19,000
Snowplow #307A	2097LE1721	19,000	-	19,000	-				19,000	-	19,000	In Progress	19,000
Pavement Maintenance, Reservoir 3-1 WPS 4-2/5-1	2097LI1701	130,000	-	130,000	-				130,000	-	130,000	In Progress	130,000
<b>Utility Shared Projects</b>		<b>788,000</b>	<b>-</b>	<b>788,000</b>	<b>77,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>865,000</b>	<b>-</b>	<b>865,000</b>		<b>738,000</b>
Water Reservoir Coatings and Site Improvements	2299DI1204	-	-	-	85,000			(85,000)	-	-	-	Ongoing	-
Burnt Cedar Water Disinfection Plant Improvements	2299DI1401	25,000	-	25,000	17,653				42,653	23,445	19,208	Ongoing	19,208
Burnt Cedar Water Disinfection Plant Emergency Generator Fuel Tank Upgrades	2299DI1707	-	-	-	174,344				174,344	36,915	137,429	In Progress	137,429
Watermain Replacement - Crystal Peak Road	2299WS1705	50,000	-	50,000	-			20,000	70,000	1,358	68,642	In Progress	68,642
Watermain Replacement - Slott Pk Ct	2299WS1706	280,000	-	280,000	16,425				296,425	224,195	72,230	In Progress	72,230
<b>Water</b>		<b>355,000</b>	<b>-</b>	<b>355,000</b>	<b>293,422</b>	<b>-</b>	<b>-</b>	<b>(65,000)</b>	<b>583,422</b>	<b>285,913</b>	<b>297,509</b>		<b>297,509</b>
Effluent Pipeline Project	2524SS1010	2,000,000	-	2,000,000	339,210				2,339,210	269,703	2,069,507	Multi-Year	2,069,507
Sewer Pump Station #1 Improvements	2599DI1703	-	-	-	1,039,025				1,039,025	655	1,038,370	In Progress	1,038,370
Water Resource Recovery Facility Improvements	2599SS1102	140,000	-	140,000	-				140,000	53,393	86,607	Ongoing	86,607
Wetlands Effluent Disposal Facility Improvements	2599SS1103	183,500	-	183,500	-				183,500	9,977	173,523	Delayed	173,523
Effluent Pond Linings / Storage	2599SS2010	-	1,550,000	1,550,000	-			(384,653)	1,165,347	96,162	1,069,185	In Progress	1,069,185
Update Camera Equipment	2599SS2107	60,000	-	60,000	-				60,000	-	60,000	In Progress	60,000
<b>Total Utility Fund</b>		<b>\$ 2,383,500</b>	<b>\$ 1,550,000</b>	<b>\$ 3,933,500</b>	<b>\$ 1,378,235</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(384,653)</b>	<b>\$ 4,927,082</b>	<b>\$ 429,891</b>	<b>\$ 4,497,191</b>		<b>\$ 4,497,191</b>
<b>Total Utility Fund</b>		<b>\$ 3,526,500</b>	<b>\$ 1,550,000</b>	<b>\$ 5,076,500</b>	<b>\$ 1,748,657</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(449,653)</b>	<b>\$ 6,375,504</b>	<b>\$ 715,803</b>	<b>\$ 5,659,701</b>		<b>\$ 5,532,700</b>
<b>Championship Golf Course:</b>													
Cart Path Replacement - Champ Course	3141LI1202	55,000	-	55,000	59,975				114,975	308	114,667	Ongoing	114,667
Championship Golf Course Electric Cart Fleet and GPS	3141LV1898	-	-	-	378,000			155,360	533,360	-	533,360	In Progress	533,360
2006 Carryall Club Car #589	3142LE1737	-	-	-	-				12,168	12,168	12,168	Completed	-
2006 Carryall Club Car #590	3142LE1738	-	-	-	-				12,168	12,168	12,168	Completed	-
2006 Carryall Club Car #591	3142LE1739	-	-	-	-				12,168	12,168	12,168	Completed	-
2014 Toro Tri-Plex Mower 3250D #694	3142LE1744	46,000	-	46,000	-				46,000	-	46,000	In Progress	42,781
2017 Toro 3500D Mower #743	3142LE1745	37,000	-	37,000	-				37,000	-	37,000	In Progress	36,184
2012 JD 8500 Fairway Mower #670	3142LE1746	93,500	-	93,500	-				93,500	-	93,500	In Progress	93,486
2011 Toro Groundsmaster 4000D #650	3142LE1747	68,400	-	68,400	-				68,400	-	68,400	In Progress	66,211
2014 3500D Toro Rotary Mower #693	3142LE1759	37,000	-	37,000	-				37,000	-	37,000	In Progress	40,028
Replacement of 2010 John Deere 8500 #641	3142LE1760	-	-	-	92,000			(36,504)	55,496	-	55,496	Delayed / FY22/23	-
Ranche Ball Machine Replacement	3143GC2002	20,000	-	20,000	-				20,000	-	20,000	In Progress	20,000
1997 1-Ton Dump Truck #419	3197HV1749	51,000	-	51,000	-				51,000	46,952	4,048	In Progress	-
2000 Toro Spreader #462	3197LE1724	17,500	-	17,500	-				17,500	13,355	4,145	Completed	-
Maintenance Shop Crane and Equipment Lift	3197ME1710	-	-	-	21,827				21,827	-	21,827	Cancelled	-
<b>Total Championship Golf Course</b>		<b>\$ 425,400</b>	<b>\$ -</b>	<b>\$ 425,400</b>	<b>\$ 551,802</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 155,360</b>	<b>\$ 1,132,562</b>	<b>\$ 96,520</b>	<b>\$ 1,036,042</b>		<b>\$ 946,717</b>
<b>Mountain Golf Course:</b>													
Mountain Golf Cart Path Replacement	3241LI1903	-	-	-	77,449				77,449	64,567	12,882	Completed	-
Mountain Golf Cart Path Replacement	3241LI2001	550,000	-	550,000	-				550,000	491,932	58,068	In Progress	-
2015 Toro 4000D Rough Mower #709	3242LE1728	68,400	-	68,400	-				68,400	-	68,400	Delayed	-
<b>Total Mountain Golf Course</b>		<b>\$ 618,400</b>	<b>\$ -</b>	<b>\$ 618,400</b>	<b>\$ 77,449</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 695,849</b>	<b>\$ 556,499</b>	<b>\$ 139,350</b>		<b>\$ -</b>
<b>Chateau:</b>													
Aspen Grove Outdoor Seating BBQ and Landscaping	3351BD1703	41,400	-	41,400	-				41,400	-	41,400	In Progress	10,000
Dumpster enclosure - Village Green/Aspen Grove	3351BD2101	45,000	-	45,000	-				45,000	-	45,000	Delayed	-
<b>Total Facilities</b>		<b>\$ 86,400</b>	<b>\$ -</b>	<b>\$ 86,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,400</b>	<b>\$ -</b>	<b>\$ 86,400</b>		<b>\$ 10,000</b>

As indicated there is no consistency in a carryover of a delayed project. See definition . If delayed but not canceled amounts should be carried over.

ATTACHMENT A  
CAPITAL PROJECTS - CAPITAL ASSETS

Incline Village General Improvement District

Capital Improvement Projects Report to the Board of Trustees

FY2021/22 CIP Status Report for the Quarter Ending June 30, 2022

DESCRIPTION	PROJECT #	FY2021/22 Original Budget	Estimated Carry Forward	FY2021/22 Adopted Budget	Prior Year Carry- Forward	Projects Cancelled	Adjustments	Reallocation	FY2021/22 Adjusted Budget	Fiscal Year Expenditures As of 06/30/22	Variance	Status	Carry-Forward Recommendations
<b>Diamond Peak Ski Resort:</b>													
Base Lodge Walk In Cooler and Food Prep Reconfiguration	3453BD1806	-	-	-	40,000	-	-	-	40,000	8,602	31,398	In Progress	31,398
Loader Tire Chains (1-Set)	3463HE1722	9,750	-	9,750	-	-	-	-	9,750	-	9,750	In Progress	9,750
2002 Caterpillar 950G Loader #524	3463HE1723	265,000	-	265,000	-	-	-	-	265,000	-	265,000	In Progress	265,000
Replacement of 2011 Grooming Vehicle # 645	3463HE1728	400,000	-	400,000	-	-	-	-	400,000	400,000	-	Completed	-
Ski Resort Snowmobile Fleet Replacement	3484LE1601	16,500	-	16,500	-	-	-	-	16,500	14,218	2,282	In Progress	14,295
Snowplow #304A	3464LE1729	19,000	-	19,000	-	-	-	-	19,000	-	19,000	In Progress	19,000
2014 Yamaha ATV #695	3464LV1730	19,000	-	19,000	-	-	-	-	19,000	17,896	1,104	Completed	-
2013 Yamaha Rhino (ATV) #674	3464LV1732	-	-	-	-	-	-	-	-	20,167	(20,167)	Completed	-
Snowmaking Infrastructure Replacement	3464SI1002	160,000	-	160,000	-	-	-	-	160,000	154,159	5,841	Completed	-
Replace Child Ski Center Surface Lift	3467LE1703	75,000	-	75,000	-	-	-	-	75,000	55,565	19,435	In Progress	10,000
Replace Ski Rental Equipment	3468RE0002	-	-	-	514,840	-	-	-	514,840	255,707	259,133	In Progress	259,133
Replace Ski Lodge Facility Equipment	3469BD2101	115,000	-	115,000	-	-	-	-	115,000	-	115,000	In Progress	115,000
Ski Way and Diamond Peak Parking Lot Reconstruction	3469LI1805	-	-	-	500,000	-	-	-	500,000	-	500,000	Delayed	-
Skier Services Administration Printer Copier	3499OE1502	10,000	-	10,000	-	-	-	-	10,000	-	10,000	In Progress	8,870
<b>Total Diamond Peak</b>		<b>\$ 1,089,250</b>	<b>\$ -</b>	<b>\$ 1,089,250</b>	<b>\$ 1,054,840</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,144,090</b>	<b>\$ 926,313</b>	<b>\$ 1,217,777</b>		<b>732,446</b>
<b>Parks:</b>													
2015 Ball Field Groomer #706	4378LE1742	-	-	-	24,000	-	-	-	24,000	-	24,000	Delayed	24,000
Pump Track	4378LI1604	80,000	-	80,000	-	-	-	-	80,000	1,804	78,196	In Progress	78,196
IVGID Community Dog Park	4378LI2104	75,000	-	75,000	-	-	-	-	75,000	4,128	70,872	In Progress	-
2005 Pick-up Truck 4x4 (1-Ton) #554	4378LV1735	47,000	-	47,000	-	-	-	-	47,000	-	47,000	In Progress	45,166
Village Green Drainage and Park Improvement Project	4378RS2103	20,000	-	20,000	-	-	-	-	20,000	-	20,000	In Progress	20,000
<b>Total Parks</b>		<b>\$ 222,000</b>	<b>\$ -</b>	<b>\$ 222,000</b>	<b>\$ 24,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 246,000</b>	<b>\$ 5,932</b>	<b>\$ 240,068</b>		<b>167,362</b>
<b>Tennis:</b>													
<b>Total Tennis</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
<b>Recreation Center:</b>													
Fitness Equipment	4886LE0001	53,000	-	53,000	-	-	(53,000)	-	-	-	-	Moved to Expense	-
Rec Center Locker Room Improvements	4899FF1202	800,000	-	800,000	-	-	236,382	1,036,382	67,170	969,212	969,212	In Progress	969,212
2017 Chevy Compact SUV #751	4899LV1723	32,000	-	32,000	-	-	-	32,000	27,303	4,697	4,697	Completed	-
Recreation Center Upstairs Lobby Restrooms Remodel	4884BD1902	-	-	-	124,933	-	-	124,933	177,488	195,753	(18,264)	Completed	-
Recreation Center Expansion Project	4884BD2201	-	-	-	-	-	-	101,000	101,000	121,063	(20,063)	In Progress	-
<b>Total Recreation Center</b>		<b>\$ 885,000</b>	<b>\$ -</b>	<b>\$ 885,000</b>	<b>\$ 124,933</b>	<b>\$ -</b>	<b>\$ 389,938</b>	<b>\$ (53,000)</b>	<b>\$ 1,346,871</b>	<b>\$ 411,289</b>	<b>\$ 936,582</b>		<b>969,212</b>
<b>Total Community Service Fund \$1,966,553</b>													
<b>Beach:</b>													
Burnt Cedar Swimming Pool and Site Improvements	3970BD2601	3,350,000	-	3,350,000	256,579	-	-	(37,213)	3,569,366	3,216,455	352,911	Multi-Year	350,000
Beaches Flatscape and Retaining Wall Enhancement and Replacement	3972BD1501	55,000	-	55,000	55,000	-	-	-	110,000	-	110,000	Postponed	110,000
Incline Beach Kitchen	3973FF1204	7,260	-	7,260	-	-	-	-	7,260	-	7,260	In Progress	-
Burnt Cedar Beach Kitchen	3974FF1101	6,800	-	6,800	-	-	-	-	6,800	-	6,800	In Progress	-
<b>Total Beach</b>		<b>\$ 3,419,060</b>	<b>\$ -</b>	<b>\$ 3,419,060</b>	<b>\$ 311,579</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (37,213)</b>	<b>\$ 3,693,426</b>	<b>\$ 3,216,455</b>	<b>\$ 476,971</b>		<b>460,000</b>
<b>District-wide Total</b>		<b>\$ 10,538,448</b>	<b>\$ 1,625,000</b>	<b>\$ 12,163,448</b>	<b>\$ 3,880,907</b>	<b>\$ -</b>	<b>\$ 545,298</b>	<b>\$ (639,866)</b>	<b>\$ 15,949,787</b>	<b>\$ 6,027,362</b>	<b>\$ 9,922,425</b>		<b>\$ 8,818,437</b>

Does not agree to Memo which states \$9,652,731 which also does not agree with Note 18 of CFAR

Several of the Red Line are related to the improper reporting of outstanding amounts carried forward into 2023.



**Government Finance Officers Association**  
203 North LaSalle Street, Suite 2700  
Chicago, Illinois 60601-1210  
312.977.9700 fax: 312.977.4806

1/9/2023

Indra Winquest  
General Manager  
Incline Village General Improvement District, Nevada

Dear Mr. Winquest:

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended June 30, 2021 qualifies for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. This award has been sent to the submitter as designated on the application.

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and give appropriate publicity to this notable achievement. A sample news release is included to assist with this effort.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive, flowing style.

Michele Mark Levine  
Director, Technical Services

January 14, 2023

**THIS MEMORANDUM IS TO BE MADE PART OF THE NEXT AUDIT COMMITTEE MEETING AS CORRESPONDENCE FOR REVIEW.**

TO: Board of Trustees and Audit Committee

From: Clifford F. Dobler

***Re: Lack of FULL disclosure in Note 18 of the ACFR FOR FISCAL YEAR ENDING JUNE 30, 2022 and false approval of contracts to avoid requirements under NRS and Board Policies .***

Under Note 18. Commitments Affecting Future Periods there are several errors regarding the contractual obligations resulting in encumbered funds at year end. EXHIBIT A

**Approval of the contract with Assess America, Inc. - RFID Gates.** It is extremely odd that this contract is included as of June 30, 2022. The \$369,105 contract was brought to the Board for approval, as a consent item, on August 31, 2022, two months after the end of the fiscal year. There was no budget for fiscal 2022. A review of the data included in the consent item has an unexecuted and undated Equipment Purchase Agreement, a Request for Proposal dated July 29, 2022 but most important a detail proposal from Assess America, Inc. dated 6 months earlier on February 8, 2022. Conclusion - This contract may have been issued far in advance of the August 31, 2022 Board meeting. The contract amount and the required 30% cash down payment is included in the Note 18 of the ACFR. The down payment, however cannot be located as an expenditure in the Capital Projects report as of June 30, 2022. It would be impossible to have a contract approved in August and then list the contract as outstanding in June. This maneuver by IVGID staff was in violation of NRS regarding issuing contract in excess of available resources and board policy.

**Errors and lack of disclosure regarding contractual obligations resulting in encumbered funds at year end - Note 18**

The listed contract with Avail Enterprises, LLC for the Rec Center Lobby Restrooms indicates that no money was spent yet according to the June 30, 2022, Capital project report the project was completed and all expenditures exceeded the budget by \$18,264 (10.3%). No budget augmentation was made.

The \$975,843 Contract issued to Brycon on 4/13/2022 for the Rec Center Locker Rooms **has NOT** been included as a contractual obligations.

The original contract and subsequent amendments of \$471,172 issued to HDR Engineering Inc., all of which, were issued prior to June 30, 2022 **HAVE NOT** been included as a contractual obligation.

The original contract and subsequent amendments of \$696,139 issued to Jacobs Engineering Group Inc., all of which, was issued prior to June 30, 2022, **HAVE NOT** been included as a contractual obligation.



The contract of \$533,260 (which is net of \$164,000 of trade ins) for 80 golf carts was issued to Club Car, LLC prior to June 30, 2022 and **HAS NOT** been included as a contractual obligation. As a side note. the carts were never delivered in fiscal year 2022.

The contract with Rapid Construction for \$176,671 for the Slot Peak water main was approved on March 9, 2022 and **HAS NOT** been included as a contractual obligation. The entire estimated costs of the project is \$275,775 and consists of permits, staff time and a contingency.

In addition, replacement of Ski Equipment had a 2021/2022 budget of \$514,840, of which, only \$255,707 was spent in fiscal year ending June 30, 2022. There may be an outstanding commitment for the unspent funds but further research is required.

Additional study will be required determining the outstanding contractual obligation with Tyler Technology for the contract issued in October 2021.

It appears that Mr. Navazio and Mr. Winquest have concluded that contractual obligations can be for **SELECTED** capital improvement projects as they apparently see fit. I along with the new Board of Trustees would probably be interested in the selection process. Based on the over \$3 million in contracts listed above which were not included in Note 18 it becomes quite apparent that Note 18 is quite deficient and again draws attention that no internal controls or oversight exists to prevent future errors.

Exhibit A - NOTE 18 to the June 30, 2022 ACFR

# EXHIBIT A

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

#### 18. COMMITMENTS AFFECTING FUTURE PERIODS

##### General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$220,800 for calendar year 2022 services. As of June 30, 2022, \$110,400 in quarterly deposits are remaining as a part of the subsequent year's budget.

##### Capital Improvement Project Budget Carry-Forward:

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, Community Services Fund, and Beach Fund resources become part of Unrestricted Net Position, and are budgeted under cash flow on the State of NV budget forms. Board-approved amounts carried-forward at year-end are as follows:

General Fund	\$ 124,300
Utility Fund	5,887,795
Community Services Fund	3,125,713
Beach Fund	689,223

The District has committed to contractual obligations for selected capital improvement projects through contracts, resulting in encumbered funds at year-end. These are included in the appropriations carry-forward to the FY2022/23 budget, and are summarized as follows:

What does this mean? should it be carried forward

Contractor	Project	Contract Amount	Completed (6/30/22)	Remaining Amount
CORE West, Inc	Burnt Cedar Pool Imp	\$3,845,865	\$3,567,790	\$ 278,075
Avail Enterprises, LLC	Rec Center Lobby	159,832	-	159,832
Ward-Young Architects	Rec Center Lobby	36,724	32,724	4,000
Ward-Young Architects	Rec Center Locker Room	91,972	85,904	6,068
Granite Construction	Effluent Pipeline	369,218	190,609	178,609
Axess America	RFID Gates	369,105	105,458	263,647

#### 19. 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 \$19,732.

#### 20. PRIOR PERIOD ADJUSTMENT(S)

The Statement of Activities includes prior period adjustments resulting from changes in accounting practices, as follows:

In fiscal year 2022 the District returned the Community Services fund and the Beach fund to proprietary fund accounting. This change in accounting method requires a prior period adjustment for long term assets and long term liabilities reported under the proprietary fund method that are not reported under the governmental fund method. The total of the prior period adjustment is \$75,199,871 as stated in the Statement of Activities.

January 21, 2023 -

**to be included as part of the Board and Audit Committee next agendas**

To: IVGID Board of Trustees and Audit Committee

cc: Indra Winqest and Paul Navazio

Re: Unauthorized change in reporting from fiscal 2021 to 2022 for the Community Services venues

For several years through 2021, the Comprehensive Annual Financial Report provided supplementary information comparing actual revenues and expenses to budgeted amounts. For the Community Services, each venue within the Fund was listed. This provided a reader the ability to determine how each venue performed against the budget and the profit or loss from operating the venues. This information was required Supplementary Information in the audited reports. **EXHIBIT A**

In 2022, Mr. Navazio without any authority, proper stewardship and denying any discussion with the Board or the Audit Committee decided to eliminate reporting revenues and expenses by EACH venue. Instead he provide only a consolidated amount for the Community Services Fund. The information was now considered Supplementary Information **EXHIBIT B** not subject to any audit requirements and therefore could continue to be reported by venue. As a result, there is "not a single stitch" of information provided on how each venue performed during the fiscal year.

Why? If the name of the game is to provide transparency why would compressing information to provide less transparency be considered appropriate?

This action, along with many others, created by Mr. Navazio in preparing financials are not consistent from year to year and is inappropriate.

*"The consistency principle states that **business should maintain the same accounting methods or principles throughout the accounting periods**, so that users of the financial statements or information are able to make meaningful conclusions from the data".*

On smaller matters, the facility fees which has been a standard has now been called a "recreation fee" in two cases. This, of course, is to manipulate consistency. In another case, the net position in the Statement of Net Position for the Community Services Fund **EXHIBIT C** does not agree with the total net position in the statement of Revenues, Expenses and Changes in Net Position **EXHIBIT B**.

Please explain why the Community Services and Beach Funds were removed from **Required** Supplemental Information to just Supplemental Information?

So what are you going to do about these inconsistencies? Is it your intent to let Mr. Navazio run unchecked and report what his pleasure might be? What about that concept of transparency?

- Exhibit A - 2021 - Required Supplementary Information - Statement of Revenues, Expenses and changes in Fund Balance.
- Exhibit B - 2022 - Supplementary Information - Statement of Revenues, Expenses and changes in Net Position
- Exhibit C - 2022 - Statement of Net Position

**INCLINE VILLAGE**  
GENERAL IMPROVEMENT DISTRICT

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Championship Golf	\$ 3,391,290	\$ 3,391,291	\$ 3,214,950	\$ (176,341)
Mountain Golf	818,834	818,834	809,745	(9,089)
Facilities	1,440,299	1,440,299	790,683	(649,616)
Ski	10,148,735	10,148,734	10,206,918	58,184
Community Programming	1,007,900	1,007,900	1,014,837	6,937
Parks	38,700	26,600	22,350	(4,250)
Tennis	100,400	100,400	156,631	56,231
Recreation Administration	(317,830)	(317,830)	(123,602)	194,228
Facility Fee:				
Championship Golf	32,812	32,812	33,019	207
Mountain Golf	221,481	221,481	222,882	1,401
Facilities	41,015	41,015	41,275	260
Ski	(1,640,400)	(1,640,400)	(1,650,784)	(10,384)
Community Programming	1,222,098	1,222,098	1,229,835	7,737
Parks	729,978	729,978	734,600	4,622
Tennis	114,828	114,828	115,555	727
Recreation Administration	1,041,833	1,041,833	1,009,230	(32,603)
Operating Grants	17,000	17,000	17,000	-
Interfund Services	98,849	98,849	91,769	(7,080)
Intergovernmental Services	21,700	21,700	36,997	15,297
Investment Earnings	52,500	52,500	4,471	(48,029)
Miscellaneous	118,130	130,230	119,697	(10,533)
Total revenues	<u>18,700,152</u>	<u>18,700,152</u>	<u>18,098,058</u>	<u>(602,094)</u>
<b>EXPENDITURES</b>				
Culture and Recreation - All Functions:				
Function Summary (see next page)	18,149,871	18,149,869	15,289,187	2,860,682
Total expenditures	<u>18,149,871</u>	<u>18,149,869</u>	<u>15,289,187</u>	<u>2,860,682</u>
Excess (deficiency) of revenues over expenditures	<u>550,281</u>	<u>550,283</u>	<u>2,808,871</u>	<u>2,258,588</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	-	-	52,250	52,250
Transfers In	-	-	(537,835)	(537,835)
Transfers Out - Capital Projects	(5,594,546)	-	-	-
Net change in fund balance	<u>(5,044,265)</u>	<u>550,283</u>	<u>2,323,286</u>	<u>1,773,003</u>
Fund Balance, July 1, as reported	15,280,913	15,280,913	15,280,913	-
Prior period adjustment	(1,637,400)	(1,637,400)	(1,637,400)	-
Fund balance, July 1 as adjusted	<u>13,643,513</u>	<u>13,643,513</u>	<u>13,643,513</u>	<u>-</u>
Fund balance, June 30	<u>\$ 8,599,248</u>	<u>\$ 14,193,796</u>	<u>\$ 15,966,799</u>	<u>\$ 1,773,003</u>

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

See notes to required supplementary information

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES</b>				
<b>Community Services:</b>				
<b>Championship Golf</b>				
Salaries and Wages	\$ 1,258,610	\$ 1,258,610	\$ 1,170,676	\$ 87,934
Employee Benefits	364,034	364,034	349,938	14,096
Services and Supplies	2,094,835	2,094,834	1,821,891	272,943
Subtotal Championship Golf	3,717,479	3,717,478	3,342,505	374,973
<b>Mountain Golf</b>				
Salaries and Wages	409,731	409,731	346,777	62,954
Employee Benefits	117,206	117,206	112,455	4,751
Services and Supplies	614,272	614,272	554,768	59,504
Subtotal Mountain Golf	1,141,209	1,141,209	1,014,000	127,209
<b>Facilities</b>				
Salaries and Wages	446,134	446,134	329,647	116,487
Employee Benefits	193,412	193,412	155,209	38,203
Services and Supplies	865,037	865,037	520,861	344,176
Subtotal Facilities	1,504,583	1,504,583	1,005,717	498,866
<b>Ski</b>				
Salaries and Wages	3,135,849	3,135,849	2,740,266	395,583
Employee Benefits	1,050,665	1,050,665	902,189	148,476
Services and Supplies	3,888,829	3,888,828	2,961,304	927,524
Subtotal Ski	8,075,343	8,075,342	6,603,759	1,471,583
<b>Community Programming</b>				
Salaries and Wages	1,037,021	1,037,021	966,114	70,907
Employee Benefits	327,605	327,605	274,637	52,968
Services and Supplies	847,529	847,529	697,660	149,869
Subtotal Community Programming	2,212,155	2,212,155	1,938,411	273,744
<b>Parks</b>				
Salaries and Wages	313,796	313,796	317,963	(4,167)
Employee Benefits	82,979	82,979	76,041	6,938
Services and Supplies	459,760	459,760	364,175	95,585
Subtotal Parks	856,535	856,535	758,179	98,356
<b>Tennis</b>				
Salaries and Wages	108,530	108,530	129,469	(20,939)
Employee Benefits	28,038	28,038	22,018	6,020
Services and Supplies	90,213	90,213	97,573	(7,360)
Subtotal Tennis	226,781	226,781	249,060	(22,279)
<b>Community Services Administration</b>				
Salaries and Wages	147,970	147,970	158,671	(10,701)
Employee Benefits	61,384	61,384	50,263	11,121
Services and Supplies	206,432	206,432	168,622	37,810
Subtotal Recreation Administration	415,786	415,786	377,556	38,230
Function Subtotal	\$ 18,149,871	\$ 18,149,869	\$ 15,289,187	\$ 2,860,682

See notes to required supplementary information

INCLINE VILLAGE  
GENERAL IMPROVEMENT DISTRICT

**SUPPLEMENTARY  
INFORMATION**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NO VENUES**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 18,161,582	\$ 18,161,582	\$ 18,590,272	(428,690)
Rents income	12,100	12,100	-	12,100
Operating grants	34,800	34,800	17,000	17,800
Recreation fee	820,300	820,300	830,977	(10,677)
Interfund services	99,911	99,911	149,813	(49,902)
Total operating revenues	<u>19,128,693</u>	<u>19,128,693</u>	<u>19,588,062</u>	<u>(459,369)</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	9,692,809	9,692,809	9,037,152	655,657
Cost of goods sold	1,688,855	1,688,855	1,305,464	383,391
Services and supplies	5,012,480	5,660,360	4,941,072	719,288
Defensible space	100,000	100,000	77,970	22,030
Central services cost	980,404	980,404	999,759	(19,355)
Insurance	403,100	403,100	442,932	(39,832)
Utilities	1,258,234	1,258,234	1,125,484	132,750
Professional fees	44,625	44,625	26,690	17,935
Depreciation	3,415,427	3,415,427	2,960,293	455,134
Total operating expenses	<u>22,595,934</u>	<u>23,243,814</u>	<u>20,916,816</u>	<u>2,326,998</u>
Operating income	<u>(3,467,241)</u>	<u>(4,115,121)</u>	<u>(1,328,754)</u>	<u>(2,786,367)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	26,250	26,250	(62,789)	89,039
Gain on sales of assets	-	-	326,284	(326,284)
Insurance proceeds	-	-	97,894	(97,894)
Capital Grants	80,000	80,000	47,927	32,073
Lease Revenue	-	-	131,523	(131,523)
Miscellaneous revenue	118,130	118,130	2,172	115,958
Interest on bond debt	(12,840)	(12,840)	(12,501)	(339)
Total nonoperating revenues (expenses)	<u>211,540</u>	<u>211,540</u>	<u>530,510</u>	<u>(318,970)</u>
Change in net position	<u>(3,255,701)</u>	<u>(3,903,581)</u>	<u>(798,244)</u>	<u>(3,105,337)</u>
Total net position, July 1, as reported	-	-	-	-
Prior Period Adjustment	65,101,292	65,101,292	65,470,954	(369,662)
Total net position, July 1, as adjusted	<u>65,101,292</u>	<u>65,101,292</u>	<u>65,470,954</u>	<u>(369,662)</u>
Total net position, June 30	<u>\$ 61,845,591</u>	<u>\$ 61,197,711</u>	<u>\$ 64,672,710</u>	<u>\$ (3,474,999)</u>



**EXHIBIT C - 2022**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Utility Fund</u>	<u>Community Services Fund</u>	<u>Beach Fund</u>	<u>Internal Services Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 18,710,558	\$ 18,715,561	\$ 6,024,608	\$ 100,260	\$ 43,550,987
Accounts receivable	1,508,619	26,792	-	-	1,535,411
Lease receivable	-	1,749,412	-	-	1,749,412
Grants receivable	12,881	-	-	-	12,881
Due from other governments	-	24,032	118,434	-	142,466
Inventories	165,127	589,751	-	123,601	878,479
Prepaid expenses	-	-	762	-	762
Total current assets	<u>20,397,185</u>	<u>21,105,548</u>	<u>6,143,804</u>	<u>223,861</u>	<u>47,870,398</u>
Noncurrent assets:					
Contractual deposits	100	6,075	-	-	6,175
Restricted deposit for debt service reserve	230,729	-	-	-	230,729
Restricted for TRPA Deposits	94,189	135,951	1,000	-	231,140
Total noncurrent assets	<u>325,018</u>	<u>142,026</u>	<u>1,000</u>	<u>-</u>	<u>468,044</u>
Capital Assets:					
Land	6,715,544	12,315,573	2,304,850	-	21,335,967
Construction in progress	1,498,869	537,741	-	-	2,036,610
Buildings and structures	15,959,753	33,627,523	7,234,499	-	56,821,775
Improvements and Infrastructure	113,353,076	35,896,434	2,038,694	-	151,288,204
Right-to-use assets	-	78,537	-	-	78,537
Equipment and vehicles	3,797,362	12,536,411	529,560	240,596	17,103,929
Total capital assets	141,324,604	94,992,219	12,107,603	240,596	248,665,022
Less: accumulated depreciation	(80,208,266)	(45,929,003)	(3,678,075)	(199,352)	(130,014,696)
Total capital assets (net)	<u>61,116,338</u>	<u>49,063,216</u>	<u>8,429,528</u>	<u>41,244</u>	<u>118,650,326</u>
Total noncurrent assets	<u>61,441,356</u>	<u>49,205,242</u>	<u>8,430,528</u>	<u>41,244</u>	<u>119,118,370</u>
Total assets	<u>81,838,541</u>	<u>70,310,790</u>	<u>14,574,332</u>	<u>265,105</u>	<u>166,988,768</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	582,227	360,569	441,905	52,198	1,436,899
Accrued personnel costs	172,357	529,059	112,466	100,726	914,608
Accrued interest payable	38,837	4,328	71	-	43,236
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	11,939	-	11,939
Unearned revenue	183,519	1,824,668	39,243	-	2,047,430
Deposits payable	-	440,102	-	-	440,102
Current portion of compensated absences	82,417	101,232	9,757	24,774	218,180
Current maturities of long-term debt	569,407	384,429	6,291	-	960,127
Lease payable due within one year	-	30,401	-	-	30,401
Total current liabilities	<u>1,628,764</u>	<u>3,674,788</u>	<u>621,672</u>	<u>369,985</u>	<u>6,295,209</u>
Non-current liabilities:					
Compensated absences	218,510	209,876	17,866	46,010	492,262
Non-current long term debt	2,422,983	-	-	-	2,422,983
Lease payable due in more than one year	-	12,365	-	-	12,365
Total non-current liabilities	<u>2,641,493</u>	<u>222,241</u>	<u>17,866</u>	<u>46,010</u>	<u>2,927,610</u>
Deferred lease inflows	-	1,695,703	-	-	1,695,703
Total liabilities and deferred inflows	<u>4,270,257</u>	<u>5,592,732</u>	<u>639,538</u>	<u>415,995</u>	<u>10,918,522</u>
<b>NET POSITION</b>					
Net investment in capital assets	58,123,948	48,678,787	8,423,237	41,244	115,267,216
Restricted	325,018	142,026	1,000	-	468,044
Unrestricted	19,119,318	15,897,245	5,510,557	(192,134)	40,334,986
Total net position	<u>\$ 77,568,284</u>	<u>\$ 64,718,058</u>	<u>\$ 13,934,794</u>	<u>\$ (150,890)</u>	<u>\$ 156,070,246</u>

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

January 23, 2023

This memo is to be included in the next Board and Audit Committee packet

To: Darren Howard

From: Clifford F. Dobler

CC: Indra Winqest, Paul Navazio, IVGID Board of Trustees, IVGID Audit Committee

Re: Item E.3A - Report - Facilities (Weddings and Events) - Multiple errors or lack of complete information - Board Packet 12-14-2022

It is hard to imagine that a six page report prepared and presented by you as the Director of Community Services could be so convoluted. I would guess your pay package, including, benefits may be close to \$200,000 annually. Maybe you should stick to providing golf lessons and appeasing golf club bosses, but stay away from financial reporting. I have attached the report which are pages 34 to 39 of the Board Packet for 12-14-2022. I have made comments in red and also provided comments below. This report, as presented, should be archived in a waste paper basket and removed from the agenda so citizens will not be subject to bad information.

Page 34 -

- Most summary narratives have a heading.
- I am unaware of an engagement season (Holidays). Is this an IVGID invention? If so what are the dates for the "season"?
- The entire summary discusses weddings with no mention of the Community Events or the large number (134) of unknown events which are buried with weddings.
- The claim that wedding guest counts are trending lower close to 100-150 is fine but compared to what?

Page 35 -

- The heading states Summary of Events and Revenue. On page 34 it states Weddings and Events. Where is the word Wedding on page 35 heading?
- States "YTD 2022/23" but gives no date nor the time period.
- What are the asterisk for 2019/20 and 2020/21?
- States 327 events for 2021/22 with 108 Community Events and 85 Wedding. What are the remaining 134 events? Since they represent 41% of all EVENTS why is there not a separate line item with facts on these unknown events? What are these 134 undisclosed events and how do they distort Weddings. To mix venue fees and the food and beverage with Weddings does not seem appropriate. There is certainly enough space on the page.
- 2019 and 2021 actual numbers do not agree to the actuals in the 2023 Budget executive summaries.
- Why is the venue fee less than \$27 per community event? Seems low.

Page 36.

- This page is worthless.
- The left pie chart uses Facility Revenue rather than Venue Fees. Only states weddings and community events but leaves off other events which represent 41% of all events.
- Right pie chart does not provide a date. The chart is wrong. Assuming it is for 2021/22, Community events only make up 33% of all events. Yet the orange color is over 50%.
-

Page 37 & 38.

- These pages could not possibly be correct.
- Why is there a comparison for three single date? Is it guests, revenues and expenses which occurred on those dates? It would seem impossible that on each of the dates the same number of guests occurred between Non Picture Pass Holder and Picture Pass holders? Is it possible that expenses would also be identical? I doubt it.
- Stating expenses before revenues is never done. Is this golf pro accounting?
- What purpose do these pages serve?

Page 39

- Why are budgets verses actual being compared for the golf season. Weddings do not only occur during the golf season but year round. This page serves no purpose.

In closing why provide this useless information to the Board and the Public? It truly serves no purpose and shows a certain degree of bad management. If you want to seek my advice on providing a meaningful report in the future, give me a call.

Exhibit A - 6 page presentation of Facilities - December 14, 2022 with comments in red.

# Summary

Has no meaning

As we approach engagement season (Holidays), we expect to fill in the 2023 wedding and event calendar. The weddings and events industry locally has seen a shift in booking windows and popular dates. Venues are being reserved within a 6-9 month timeframe and we are beginning to see a rise in interest for **September and October** dates again considering the Tahoe Basin was minimally affected by smoke this past Fall. Guest counts for weddings are trending closer to 100-150. Although guest counts are slightly lower, check average/revenue per person has and will continue to increase.

What are the months?

the past? →

as apposed to how many?

2021/2022, we saw a surge in weddings booked considering there were a lot of engaged couples who were finally able to gather and have their weddings. We may see that sense of urgency taper off a touch this 2023 season.

072

No mention of community events or other unknown events.

## Summary of Events and Revenue

-	2019/20*	2020/21*	2021/22	YTD 2022/23
Total Number of Events	369	272	327	152
Venue fees paid Community Events	\$8,634	\$4,616	\$2,900	\$5,356
Food & Bev for Community Events	\$199,872	\$81,695	\$217,896	\$153,123
Number of Community Events	158	81	108	79
# of Guests at Community Events w/F&B	8,032	2,645	5,294	4,075
Total Venue Fee paid by Weddings/Events	\$294,600	\$236,019	\$363,353	\$206,914
Food & Bev for Weddings/Events	\$638,061	\$384,450	\$971,939	\$439,021
Number of Weddings	64	67	85	34
Number of Wedding Guests	6,670	3,851	8,115	3,261

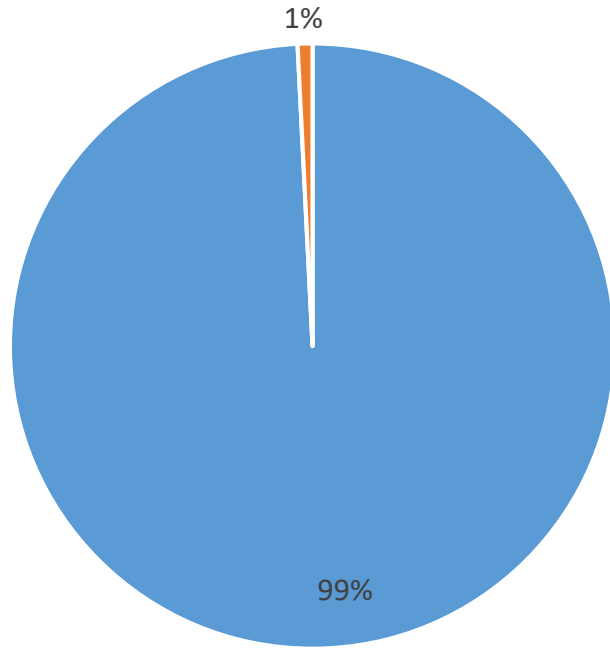
what is the days to date. Is it fiscal or done similar to golf

\$68 per 79 events

only 113 events  
where is the other  
39 events?

Worthless page.

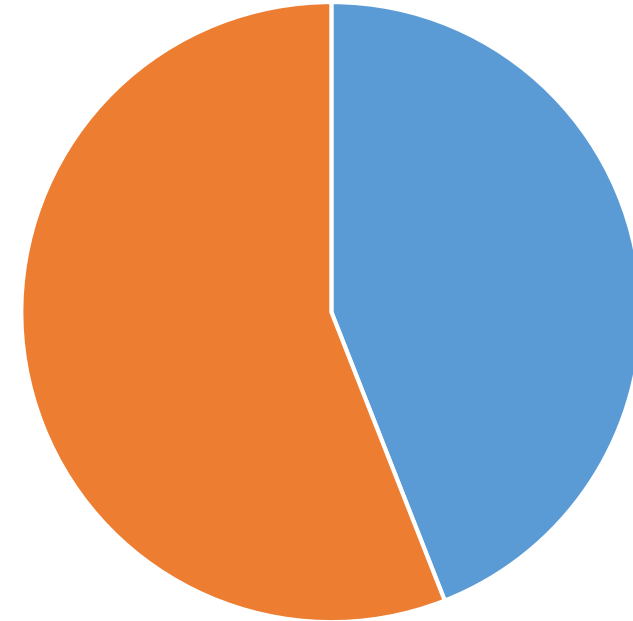
Venue Fees  
~~Facility~~ Revenue  
2021/2022



■ Weddings ■ Community

excluded events hidden in Weddings.

NO date  
Number of Events



■ Weddings ■ Community

Community events would be more than 70%

This chart is wrong

Same

# Wedding Expenses & Revenues

## Non-Picture Pass Holder

07/09/2022 Chateau Wedding - 139 guests	
Total Expenses	\$14,810
Total Revenue	\$33,642
Total Profit or (Loss)	\$18,832
Profit/(Loss) % of Rev	56%

## Picture Pass Holder - 25 % Discount

07/09/2022 Chateau Wedding - 139 guests	
Total Expenses	\$14,810
Total Revenue	\$31,395
Total Profit or (Loss)	\$16,854
Profit/(Loss) % of Rev	54%

what is the period?



Guests are the same?

Expenses are the same?

8/16/2022 Chateau Wedding - 56 guests	
Total Expenses	\$7,904
Total Revenue	\$15,517
Total Profit or (Loss)	\$7,414
Profit/(Loss) % of Rev	48%

8/16/2022 Chateau Wedding - 56 guests	
Total Expenses	\$7,904
Total Revenue	\$13,857
Total Profit or (Loss)	\$5,952
Profit/(Loss) % of Rev	43%



Guests are the same?

Expenses are the same.?

075

WHAT PURPOSE DOES THIS SERVE.

# Wedding Expenses & Revenues

## Non-Picture Pass Holder

08/27/2022 Aspen Grove Wedding – 72 guests	
Total Expenses	\$5,984
Total Revenue	\$13,636
Total Profit or (Loss)	\$7,502
Profit/(Loss) % of Rev	55%



## Picture Pass Holder – 25% Discount

08/27/2022 Aspen Grove Wedding – 72 guests	
Total Expenses	\$5,984
Total Revenue	\$12,386
Total Profit or (Loss)	\$6,402
Profit/(Loss) % of Rev	52%

WHAT PURPOSE DOES THIS SERVE.



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

JUNK

**GOLF SEASON ACTUAL TO BUDGET COMPARISON**

Really? Weddings are year round.

November 2021 - October 2022

	Adopted Budget	YTD Actual	Remaining Budget
<b>SOURCES</b>			
Charges for Services	1,251,569	1,558,075	306,506
Facility Fees	73,456		(73,456)
Investment Earnings	(60)	473	533
Transfers In	175,191	173,220	(1,971)
<b>TOTAL SOURCES</b>	<b>1,500,156</b>	<b>1,731,768</b>	<b>231,612</b>
<b>USES</b>			
Salaries and Wages	499,317	487,069	12,248
Employee Fringe	228,027	243,400	(15,374)
<b>Total Personnel Cost</b>	<b>727,344</b>	<b>730,469</b>	<b>(3,126)</b>
Professional Services	-	859	(859)
Services and Supplies	526,799	546,599	(19,800)
Insurance	12,400	8,148	4,252
Utilities	57,786	66,322	(8,535)
Cost of Goods Sold	36% 452,500	25% 390,876	61,624
Central Services Cost	100,624	59,239	41,385
Capital Improvements	10,000	(3,150)	13,150
Debt Service	3,933	66	3,867
<b>TOTAL USES</b>	<b>1,891,386</b>	<b>1,799,427</b>	<b>91,959</b>
<b>SOURCES(USES)</b>	<b>(391,229)</b>	<b>(67,658)</b>	<b>323,571</b>

← What is this? Decided not to charge Rec Fee

**Weddings and Events**

← transfers in would be the Facility Fee

← Not realistic that C of G would fall by 1/3

← Hard to imagine negative capital improvements

January 30, 2023

To be included as correspondence in the February 7, 2023 Audit Committee Agenda

To: IVGID Board of Trustees and Audit Committee

CC: Indra Winquest, Paul Navazio

Re: Follow-up on my memo on January 9, 2023 - Investment Earnings 2022 fiscal year AFCR

As stated in my previous memo, the Proprietary funds Statement of Revenues, Expenses and Changes in Net Position (Exhibit B) had Investment Earnings losses of \$94K which did not jive with the investment earnings gains of \$198K in the Statement of Cash Flows (Exhibit C).

Since I did not expect an explanation from Mr. Navazio, I will provide it.

According to Note 2 of the 2022 AFCR "Cash Equivalents and Investment" (Exhibit D), long term investments were made in Certificate of Deposits (CD's) and US Government Agency Securities (USGAS) of \$4.7million. The maturities stretch to 2027.

As interest rates rose this past year, the value of the CD's and the USGAS declined, therefore a loss in value on a poor investment choice occurred. A loss in value is NOT an investment earning, it is a loss. Coupon interest from the investments is interest earned. By combining the interest earned with the loss in value, the financial statements are unclear. There should be two line items 1) Interest earnings and loss on investments. This approach is proper reporting.

It is extremely odd that the Utility Fund with almost identical cash and cash equivalents as the Community Service Fund (\$18.7 million each) would have vastly different results of "investment earnings" in the Statement of Cash Flows. This does not appear logical unless all the Utility Fund cash was invested short term. Also according to Mr. Navazio all investment income or loss would be allocated based on a percentage in each fund to the total.

Under ASSETS in the Statement of Net Position (Exhibit A) the word investments should be added to Cash and Cash equivalents. It is unclear why investments (Certificate of Deposits and US Government Agency Securities having maturities extending beyond one year would be considered as cash equivalents. According to GAAP:

***"Cash equivalents are any short-term investment securities with maturity periods of 90 days or less. They include bank certificates of deposit, bankers acceptances, Treasury bills, commercial paper, and other money market instruments."***

Unless there are unknown circumstances the investments over one year should be reported as long term investments and the investments over 90 days but less than one year should be reported as short term investments.

On another matter, the labeling of cash and cash equivalents should be consistent throughout the AFCR. In the Statement of Cash flows the word investments is added to the cash and cash equivalents but no indication of investments is stated in the Statement of Net Position.

Lastly, included on the Statement of Cash Flows, restricted deposits have been included as cash, cash equivalents and investments. The deposits are restricted and should not be included since the amounts are held in the event of a failure to pay debt service or failure in completing a capital project and have constraints and are certainly not investments.

- Exhibit A - Statement of Net Position
- Exhibit B - Statement of Revenues, Expenses and Change in Net Position
- Exhibit C - Statement of Cash Flow
- Exhibit D - Note 2 - Cash, Cash Equivalents and Investments

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 18,710,558	\$ 18,715,561	\$ 6,024,608	\$ 100,260	\$ 43,550,987
Accounts receivable	1,508,619	26,792	-	-	1,535,411
Lease receivable	-	1,749,412	-	-	1,749,412
Grants receivable	12,881	-	-	-	12,881
Due from other governments	-	24,032	118,434	-	142,466
Inventories	165,127	589,751	-	123,601	878,479
Prepaid expenses	-	-	762	-	762
Total current assets	<u>20,397,185</u>	<u>21,105,548</u>	<u>6,143,804</u>	<u>223,861</u>	<u>47,870,398</u>
Noncurrent assets:					
Contractual deposits	100	6,075	-	-	6,175
Restricted deposit for debt service reserve	230,729	-	-	-	230,729
Restricted for TRPA Deposits	94,189	135,951	1,000	-	231,140
Total noncurrent assets	<u>325,018</u>	<u>142,026</u>	<u>1,000</u>	<u>-</u>	<u>468,044</u>
Capital Assets:					
Land	6,715,544	12,315,573	2,304,850	-	21,335,967
Construction in progress	1,498,869	537,741	-	-	2,036,610
Buildings and structures	15,959,753	33,627,523	7,234,499	-	56,821,775
Improvements and Infrastructure	113,353,076	35,896,434	2,038,694	-	151,288,204
Right-to-use assets	-	78,537	-	-	78,537
Equipment and vehicles	3,797,362	12,536,411	529,560	240,596	17,103,929
Total capital assets	<u>141,324,604</u>	<u>94,992,219</u>	<u>12,107,603</u>	<u>240,596</u>	<u>248,665,022</u>
Less: accumulated depreciation	<u>(80,208,266)</u>	<u>(45,929,003)</u>	<u>(3,678,075)</u>	<u>(199,352)</u>	<u>(130,014,696)</u>
Total capital assets (net)	<u>61,116,338</u>	<u>49,063,216</u>	<u>8,429,528</u>	<u>41,244</u>	<u>118,650,326</u>
Total noncurrent assets	<u>61,441,356</u>	<u>49,205,242</u>	<u>8,430,528</u>	<u>41,244</u>	<u>119,118,370</u>
Total assets	<u>81,838,541</u>	<u>70,310,790</u>	<u>14,574,332</u>	<u>265,105</u>	<u>166,988,768</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	582,227	360,569	441,905	52,198	1,436,899
Accrued personnel costs	172,357	529,059	112,466	100,726	914,608
Accrued interest payable	38,837	4,328	71	-	43,236
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	11,939	-	11,939
Unearned revenue	183,519	1,824,668	39,243	-	2,047,430
Deposits payable	-	440,102	-	-	440,102
Current portion of compensated absences	82,417	101,232	9,757	24,774	218,180
Current maturities of long-term debt	569,407	384,429	6,291	-	960,127
Lease payable due within one year	-	30,401	-	-	30,401
Total current liabilities	<u>1,628,764</u>	<u>3,674,788</u>	<u>621,672</u>	<u>369,985</u>	<u>6,295,209</u>
Non-current liabilities:					
Compensated absences	218,510	209,876	17,866	46,010	492,262
Non-current long term debt	2,422,983	-	-	-	2,422,983
Lease payable due in more than one year	-	12,365	-	-	12,365
Total non-current liabilities	<u>2,641,493</u>	<u>222,241</u>	<u>17,866</u>	<u>46,010</u>	<u>2,927,610</u>
Deferred lease inflows	-	1,695,703	-	-	1,695,703
Total liabilities and deferred inflows	<u>4,270,257</u>	<u>5,592,732</u>	<u>639,538</u>	<u>415,995</u>	<u>10,918,522</u>
<b>NET POSITION</b>					
Net investment in capital assets	58,123,948	48,678,787	8,423,237	41,244	115,267,216
Restricted	325,018	142,026	1,000	-	468,044
Unrestricted	19,119,318	15,897,245	5,510,557	(192,134)	40,334,986
Total net position	<u>\$ 77,568,284</u>	<u>\$ 64,718,058</u>	<u>\$ 13,934,794</u>	<u>\$ (150,890)</u>	<u>\$ 156,070,246</u>

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

**EXHIBIT B**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>OPERATING REVENUES</b>					
Sales and fees	\$ 12,885,588	\$ 18,590,272	\$ 750,123	\$ -	\$ 32,225,983
Recreation fee	-	830,977	5,259,704	-	6,090,681
Operating grants	22,138	17,000	-	-	39,138
Interfund services	122,384	149,813	-	2,594,923	2,867,120
Total operating revenues	<u>13,030,110</u>	<u>19,588,062</u>	<u>6,009,827</u>	<u>2,594,923</u>	<u>41,222,922</u>
<b>OPERATING EXPENSES</b>					
Wages and benefits	4,210,437	9,037,152	1,002,834	1,788,304	16,038,727
Cost of goods sold	10,212	1,305,464	1,652	-	1,317,328
Services and supplies	2,971,167	4,941,072	350,475	947,279	9,209,993
Defensible space	77,969	77,970	-	-	155,939
Central services cost	445,092	999,759	93,956	-	1,538,807
Insurance	211,382	442,932	39,371	15,829	709,514
Utilities	931,759	1,125,484	103,507	9,878	2,170,628
Professional fees	175,021	26,690	4,293	525	206,529
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Total operating expenses	<u>12,318,166</u>	<u>20,916,816</u>	<u>1,784,774</u>	<u>2,772,356</u>	<u>37,792,112</u>
Operating income (loss)	<u>711,944</u>	<u>(1,328,754)</u>	<u>4,225,053</u>	<u>(177,433)</u>	<u>3,430,810</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	(57,286)	(17,441)	(19,005)	(671)	(94,403)
Insurance proceeds	-	97,894	-	-	97,894
Gain on sales of assets	9,096	-	-	-	9,096
Lease revenue	500	131,523	-	-	132,023
Miscellaneous revenue	-	328,456	-	-	328,456
Interest on bond debt	(81,563)	(12,501)	(169)	-	(94,233)
Total nonoperating revenues (expenses)	<u>(129,253)</u>	<u>527,931</u>	<u>(19,174)</u>	<u>(671)</u>	<u>378,833</u>
Income before transfers and contributions	<u>582,691</u>	<u>(800,823)</u>	<u>4,205,879</u>	<u>(178,104)</u>	<u>3,809,643</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital Grants	-	47,927	-	-	47,927
Change in net position	<u>582,691</u>	<u>(752,896)</u>	<u>4,205,879</u>	<u>(178,104)</u>	<u>3,857,570</u>
Total net position, July 1, as previously reported	76,985,593	-	-	27,214	77,012,807
Prior Period Adjustment	-	65,470,954	9,728,915	-	75,199,869
Total net position, July 1, as adjusted	<u>76,985,593</u>	<u>65,470,954</u>	<u>9,728,915</u>	<u>27,214</u>	<u>152,212,676</u>
Total net position, June 30	<u>\$ 77,568,284</u>	<u>\$ 64,718,058</u>	<u>\$ 13,934,794</u>	<u>\$ (150,890)</u>	<u>\$ 156,070,246</u>

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

EXHIBIT C

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 12,766,774	\$ 20,371,990	\$ 5,974,106	\$ -	\$ 39,112,870
Receipts from interfund services provided	122,384	149,813	-	2,594,923	2,867,120
Payments to suppliers	(4,532,707)	(8,917,646)	(949,796)	(812,612)	(15,212,761)
Payments to employees	(4,070,858)	(8,296,220)	(870,745)	(1,678,828)	(14,916,651)
Net cash provided (used) by operating activities	<u>4,285,593</u>	<u>3,307,937</u>	<u>4,153,565</u>	<u>103,483</u>	<u>11,850,578</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(715,805)	(2,430,733)	(3,209,295)	(2,552)	(6,358,385)
Proceeds from sale of assets	9,096	-	-	-	9,096
Insurance proceeds	-	97,894	-	-	97,894
Lease proceeds	500	176,871	-	-	177,371
Proceeds from capital grants	-	47,927	-	-	47,927
Payments on capital debt	(553,842)	(370,264)	(6,059)	-	(930,165)
Interest paid on long term debt	(89,292)	(13,500)	(237)	-	(103,029)
Net cash provided (used) by capital and related financing activities	<u>(1,349,343)</u>	<u>(2,491,805)</u>	<u>(3,215,591)</u>	<u>(2,552)</u>	<u>(7,059,291)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Long-term investments matured	1,507,905	760,122	-	-	2,268,027
Investment earnings (losses)	(53,496)	271,192	(19,005)	(671)	198,020
Net cash provided (used) by investing activities	<u>1,454,409</u>	<u>1,031,314</u>	<u>(19,005)</u>	<u>(671)</u>	<u>2,466,047</u>
Net change in cash and cash equivalents	4,390,659	1,847,446	918,969	100,260	7,257,334
Cash and cash equivalents, July 1	<u>14,644,917</u>	<u>17,010,141</u>	<u>5,106,639</u>	<u>-</u>	<u>36,761,697</u>
Cash, cash equivalents and investments, June 30	<u>\$ 19,035,576</u>	<u>\$ 18,857,587</u>	<u>\$ 6,025,608</u>	<u>\$ 100,260</u>	<u>\$ 44,019,031</u>

(Continued)

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District's checking deposits was \$14,947,779 while the bank balance was \$15,064,370.92. 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 Equivalents and Investments at June 30, 2022 consist of:

Operating Checking Accounts	\$14,947,779
Petty cash and change funds	45,905
Nevada Local Government Investment Pool (average weighted maturity of 130 days)	
General LGIP Account	15,112,303
US Government Money Market	14,650,116
Government Agency Securities	3,346,240
Certificates of Deposit	1,392,644
Total Cash Equivalents and Investments	<u>\$49,494,987</u>
Restricted Deposits	\$ 461,870

Investments at June 30, 2022 consist of:

General LGIP Account	15,112,303
US Government Money Market	14,650,116
Government Agency Securities	3,346,240
Certificates of Deposit	1,392,644
LGIP – Restricted Deposits	461,870
Total Investments	<u>\$34,963,174</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.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022**

Fair Value Measurements as of June 30, 2022

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Certificates of Deposit		\$ 1,392,644		\$ 1,392,644
Government Agency Securities		3,346,241		<u>3,346,241</u>
Investments not subject to fair value measurement hierarchy				
Interest Bearing Amounts - Investments				4,738,885
US Government Money Market				14,650,116
LGIP at Net Asset Value (Cash Equivalent)				15,112,303
LGIP Restricted Deposits at Net Asset Value				461,870
Total Fair Value Measurements				<u>\$ 34,963,174</u>

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Investment Maturities by Investment Type as of June 30, 2022

	2023	2024	2025	2026	2027	Total
Certificates of Deposit	\$ -	\$ -	\$ 469,275	\$ 463,508	\$ 459,861	\$ 1,392,644
Government Agency Securities	980,034	963,324	952,233	450,650	-	3,346,241
US Government Money Market	14,650,116	-	-	-	-	14,650,116
LGIP as Cash Equivalent	15,112,303	-	-	-	-	15,112,303
LGIP - Restricted Deposits	461,870	-	-	-	-	461,870
All Investment Types						<u>\$ 34,963,174</u>

	Total	Ratings as of Year End					Not Rated
		AAA	AA+	AA-	A+	A-	
Certificates of Deposit *	\$ 1,392,644						\$ 1,392,644
Government Agency Securities **	3,346,241	3,346,241					
US Government Money Market	14,650,116						14,650,116
LGIP as Cash Equivalent	15,112,303						15,112,303
LGIP - Restricted Deposits	461,870						461,870
	<u>\$ 34,963,174</u>	<u>\$ 3,346,241</u>	\$ -	\$ -	\$ -	\$ -	<u>\$ 30,224,289</u>

\* Federally-insured bank CD's

\*\* Moody's assigns government agency debt securities "AAA" rating.

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022**

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. The District has investments with Federal Home Loan Bank that represent approximately 7% of the entire investment portfolio.

**3. 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.

The assets of the EPA State Revolving Fund (SRF) Reserve may be used to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is in the account at the District's discretion. The EPA SRF Reserve is in the LGIP Account totaling \$230,729. 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 \$231,140:

Deposit with State of Nevada for Sales Tax	\$ 6,075
Building Deposit held by Parasol Tahoe Foundation	100
LGIP Restricted Deposits (SRF & TRPA)	<u>461,870</u>
Total Restricted Deposits	<u>\$ 468,045</u>

**4. LEASES RECEIVABLE**

The District is a lessor in 4 cancellable lease for radio tower space rental. The leases require payments of \$933 and \$1,815 monthly and annual payments from \$20,764 to 119,166. The District recognized \$131,178 in lease revenue and \$45,347 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2022, the lease receivable is \$1,749,412 and deferred inflows of resource is \$1,695,703.



30  
January 31, 2023

To: IVGID Board of Trustees and Audit Committee

cc: Paul Navazio and Indra Winquest

Re: Violation of GASB #34 - Improper Reporting of Internal Services Fund as part of Proprietary Funds 1) Statement of Net Position (Exhibit B), 2) Statement of Revenues Expenses and Changes in Net Position (Exhibit C) and 3) Statement of Cash Flows (Exhibit D). Page 24 to 27 of the June 30, 2022 Annual Comprehensive Financial Report.

As odd as this may seem, the Internal Services fund assets, liabilities, and net position are to be reported as part of the governmental activities in the "government wide" Statement of Net Position (Exhibit A) and at the same time the Internal Services Fund financials referred to above should be reported in the Proprietary Funds financials (Exhibits B,C,D).

The concern when developing GASB #34 was that Internal Service funds, by their purpose, was to collect enough revenues to cover the costs and expenses and thus took on the characteristics of a Proprietary enterprise fund. On the other hand, many respondents developing GASB #34 felt strongly that an Internal Service fund was a governmental fund. To compromise, internal service funds would be reported as a proprietary fund but would be in a separate column and NOT BE INCLUDED IN THE TOTALS FOR THE PROPRIETRY FUNDS paragraphs 426-428 of GASB #34 (Exhibit E).

IVGID management failed to comply with GASB #34 and included the internal services fund's amounts within the totals for the proprietary funds financials.

Done properly the proprietary funds totals would match the amounts in the "government wide" Statement of Net position.

I have attached Exhibits F,G & H which are the Proprietary Funds financials for the year ended June 30, 2015, the fiscal year prior to the inappropriate change of IVGID's proprietary funds to governmental funds. As seen, the Internal Service Funds are listed in a separate column on each for the three financials and are not included in the total of the proprietary funds.

This is obviously another case of IVGID staff and the current auditors lacking the appropriate experience to produce proper financial statements. If anyone can find a subsequent GASB pronouncement which would negate the requirements in GASB #34 please let me know.

- Exhibit A - Statement of Net Position (government wide) - June 30, 2022
- Exhibit B - Proprietary Funds Statement of Net Position - June 30, 2022
- Exhibit C - Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position year ending June 30, 2022
- Exhibit D - Proprietary Funds Statement of Cash Flows year ending June 30, 2022
- Exhibit E - Paragraphs 426-428 of GASB #34
- Exhibit F - Proprietary Funds Statement of Net Position - June 30, 2015
- Exhibit G - Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position year ending June 30, 2015
- Exhibit H - Proprietary Funds Statement of Cash Flows for year ending June 30, 2015

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 6,044,259	\$ 43,450,727	\$ 49,494,986
Receivables:			
Accounts receivable, net	349	1,535,411	1,535,760
Lease receivables	-	1,749,412	1,749,412
Interest on investments	11,440	-	11,440
Grants receivable	-	12,881	12,881
Due from other governments	297,791	142,466	440,257
Inventories	123,601	754,878	878,479
Prepaid items	2,394	762	3,156
Restricted assets:			
Restricted deposits	-	468,044	468,044
Capital assets:			
Land	2,669,904	21,335,967	24,005,871
Construction in progress	335,903	2,036,610	2,372,513
Capital assets, net of accumulated depreciation	353,805	95,236,505	95,590,310
Total assets	<u>9,839,446</u>	<u>166,723,663</u>	<u>176,563,109</u>
<b>LIABILITIES</b>			
Accounts payable	322,561	1,384,701	1,707,262
Accrued personnel costs	265,323	813,882	1,079,205
Accrued interest payable	-	43,236	43,236
Due to other governments	-	11,939	11,939
Unearned revenue	39	2,047,430	2,047,469
Refundable deposits	-	440,102	440,102
Noncurrent liabilities:			
Bonds due within one year	-	960,406	960,406
Compensated absences due within one year	187,761	193,406	381,167
Lease payable due within one year	-	30,401	30,401
Claims payable within one year	763,479	-	763,479
Bonds due in more than one year	-	2,422,704	2,422,704
Compensated absences due in more than one year	28,863	446,252	475,115
Lease payable due in more than one year	-	12,365	12,365
Total liabilities	<u>1,568,026</u>	<u>8,806,824</u>	<u>10,374,850</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow related to leases	-	1,695,703	1,695,703
<b>NET POSITION</b>			
Net investment in capital assets	3,359,612	115,225,972	118,585,584
Restricted	-	468,044	468,044
Unrestricted	4,911,808	40,527,120	45,438,928
Total net position	<u>\$ 8,271,420</u>	<u>\$ 156,221,136</u>	<u>\$ 164,492,556</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, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 18,710,558	\$ 18,715,561	\$ 6,024,608	\$ 100,260	\$ 43,550,987
Accounts receivable	1,508,619	26,792	-	-	1,535,411
Lease receivable	-	1,749,412	-	-	1,749,412
Grants receivable	12,881	-	-	-	12,881
Due from other governments	-	24,032	118,434	-	142,466
Inventories	165,127	589,751	-	123,601	878,479
Prepaid expenses	-	-	762	-	762
Total current assets	<u>20,397,185</u>	<u>21,105,548</u>	<u>6,143,804</u>	<u>223,861</u>	<u>47,870,398</u>
Noncurrent assets:					
Contractual deposits	100	6,075	-	-	6,175
Restricted deposit for debt service reserve	230,729	-	-	-	230,729
Restricted for TRPA Deposits	94,189	135,951	1,000	-	231,140
Total noncurrent assets	<u>325,018</u>	<u>142,026</u>	<u>1,000</u>	<u>-</u>	<u>468,044</u>
Capital Assets:					
Land	6,715,544	12,315,573	2,304,850	-	21,335,967
Construction in progress	1,498,869	537,741	-	-	2,036,610
Buildings and structures	15,959,753	33,627,523	7,234,499	-	56,821,775
Improvements and Infrastructure	113,353,076	35,896,434	2,038,694	-	151,288,204
Right-to-use assets	-	78,537	-	-	78,537
Equipment and vehicles	3,797,362	12,536,411	529,560	240,596	17,103,929
Total capital assets	<u>141,324,604</u>	<u>94,992,219</u>	<u>12,107,603</u>	<u>240,596</u>	<u>248,665,022</u>
Less: accumulated depreciation	<u>(80,208,266)</u>	<u>(45,929,003)</u>	<u>(3,678,075)</u>	<u>(199,352)</u>	<u>(130,014,696)</u>
Total capital assets (net)	<u>61,116,338</u>	<u>49,063,216</u>	<u>8,429,528</u>	<u>41,244</u>	<u>118,650,326</u>
Total noncurrent assets	<u>61,441,356</u>	<u>49,205,242</u>	<u>8,430,528</u>	<u>41,244</u>	<u>119,118,370</u>
Total assets	<u>81,838,541</u>	<u>70,310,790</u>	<u>14,574,332</u>	<u>265,105</u>	<u>166,988,768</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	582,227	360,569	441,905	52,198	1,436,899
Accrued personnel costs	172,357	529,059	112,466	100,726	914,608
Accrued interest payable	38,837	4,328	71	-	43,236
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	11,939	-	11,939
Unearned revenue	183,519	1,824,668	39,243	-	2,047,430
Deposits payable	-	440,102	-	-	440,102
Current portion of compensated absences	82,417	101,232	9,757	24,774	218,180
Current maturities of long-term debt	569,407	384,429	6,291	-	960,127
Lease payable due within one year	-	30,401	-	-	30,401
Total current liabilities	<u>1,628,764</u>	<u>3,674,788</u>	<u>621,672</u>	<u>369,985</u>	<u>6,295,209</u>
Non-current liabilities:					
Compensated absences	218,510	209,876	17,866	46,010	492,262
Non-current long term debt	2,422,983	-	-	-	2,422,983
Lease payable due in more than one year	-	12,365	-	-	12,365
Total non-current liabilities	<u>2,641,493</u>	<u>222,241</u>	<u>17,866</u>	<u>46,010</u>	<u>2,927,610</u>
Deferred lease inflows	-	1,695,703	-	-	1,695,703
Total liabilities and deferred inflows	<u>4,270,257</u>	<u>5,592,732</u>	<u>639,538</u>	<u>415,995</u>	<u>10,918,522</u>
<b>NET POSITION</b>					
Net investment in capital assets	58,123,948	48,678,787	8,423,237	41,244	115,267,216
Restricted	325,018	142,026	1,000	-	468,044
Unrestricted	19,119,318	15,897,245	5,510,557	(192,134)	40,334,986
Total net position	<u>\$ 77,568,284</u>	<u>\$ 64,718,058</u>	<u>\$ 13,934,794</u>	<u>\$ (150,890)</u>	<u>\$ 156,070,246</u>

should not be in total but to the right

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

EXHIBIT C

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2022**

Should not be reported in totals 

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>OPERATING REVENUES</b>					
Sales and fees	\$ 12,885,588	\$ 18,590,272	\$ 750,123	\$ -	\$ 32,225,983
Recreation fee	-	830,977	5,259,704	-	6,090,681
Operating grants	22,138	17,000	-	-	39,138
Interfund services	122,384	149,813	-	2,594,923	2,867,120
Total operating revenues	13,030,110	19,588,062	6,009,827	2,594,923	41,222,922
<b>OPERATING EXPENSES</b>					
Wages and benefits	4,210,437	9,037,152	1,002,834	1,788,304	16,038,727
Cost of goods sold	10,212	1,305,464	1,652	-	1,317,328
Services and supplies	2,971,167	4,941,072	350,475	947,279	9,209,993
Defensible space	77,969	77,970	-	-	155,939
Central services cost	445,092	999,759	93,956	-	1,538,807
Insurance	211,382	442,932	39,371	15,829	709,514
Utilities	931,759	1,125,484	103,507	9,878	2,170,628
Professional fees	175,021	26,690	4,293	525	206,529
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Total operating expenses	12,318,166	20,916,816	1,784,774	2,772,356	37,792,112
Operating income (loss)	711,944	(1,328,754)	4,225,053	(177,433)	3,430,810
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	(57,286)	(17,441)	(19,005)	(671)	(94,403)
Insurance proceeds	-	97,894	-	-	97,894
Gain on sales of assets	9,096	-	-	-	9,096
Lease revenue	500	131,523	-	-	132,023
Miscellaneous revenue	-	328,456	-	-	328,456
Interest on bond debt	(81,563)	(12,501)	(169)	-	(94,233)
Total nonoperating revenues (expenses)	(129,253)	527,931	(19,174)	(671)	378,833
Income before transfers and contributions	582,691	(800,823)	4,205,879	(178,104)	3,809,643
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital Grants	-	47,927	-	-	47,927
Change in net position	582,691	(752,896)	4,205,879	(178,104)	3,857,570
Total net position, July 1, as previously reported	76,985,593	-	-	27,214	77,012,807
Prior Period Adjustment	-	65,470,954	9,728,915	-	75,199,869
Total net position, July 1, as adjusted	76,985,593	65,470,954	9,728,915	27,214	152,212,676
Total net position, June 30	\$ 77,568,284	\$ 64,718,058	\$ 13,934,794	\$ (150,890)	\$ 156,070,246

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, 2022**

Should not be in total but as a separate  
 column to the right

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 12,766,774	\$ 20,371,990	\$ 5,974,106	\$ -	\$ 39,112,870
Receipts from interfund services provided	122,384	149,813	-	2,594,923	2,867,120
Payments to suppliers	(4,532,707)	(8,917,646)	(949,796)	(812,612)	(15,212,761)
Payments to employees	(4,070,858)	(8,296,220)	(870,745)	(1,678,828)	(14,916,651)
Net cash provided (used) by operating activities	4,285,593	3,307,937	4,153,565	103,483	11,850,578
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(715,805)	(2,430,733)	(3,209,295)	(2,552)	(6,358,385)
Proceeds from sale of assets	9,096	-	-	-	9,096
Insurance proceeds	-	97,894	-	-	97,894
Lease proceeds	500	176,871	-	-	177,371
Proceeds from capital grants	-	47,927	-	-	47,927
Payments on capital debt	(553,842)	(370,264)	(6,059)	-	(930,165)
Interest paid on long term debt	(89,292)	(13,500)	(237)	-	(103,029)
Net cash provided (used) by capital and related financing activities	(1,349,343)	(2,491,805)	(3,215,591)	(2,552)	(7,059,291)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Long-term investments matured	1,507,905	760,122	-	-	2,268,027
Investment earnings (losses)	(53,496)	271,192	(19,005)	(671)	198,020
Net cash provided (used) by investing activities	1,454,409	1,031,314	(19,005)	(671)	2,466,047
Net change in cash and cash equivalents	4,390,659	1,847,446	918,969	100,260	7,257,334
Cash and cash equivalents, July 1	14,644,917	17,010,141	5,106,639	-	36,761,697
Cash, cash equivalents and investments, June 30	\$ 19,035,576	\$ 18,857,587	\$ 6,025,608	\$ 100,260	\$ 44,019,031

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 711,944	\$ (1,328,754)	\$ 4,225,053	\$ (177,433)	\$ 3,430,810
Non-cash adjustments -					
Depreciation	3,285,127	2,960,293	188,686	10,541	6,444,647
Increase (decrease) in cash from changes in:					
Accounts receivable	(152,550)	38,173	13,056	-	(101,321)
Grants receivable	-	373,912	-	-	373,912
Due from other governments	-	38,836	(34,709)	-	4,127
Inventories	(4,059)	(170,195)	-	(47,806)	(222,060)
Prepaid expenses	-	197,520	(762)	-	196,758
Accounts payable	293,954	(25,600)	(352,593)	16,418	(67,821)
Accrued personnel costs	(161,348)	429,824	104,466	38,692	411,634
Compensated absences	300,927	311,108	27,623	70,784	710,442
Due to other funds	-	-	-	192,287	192,287
Due to other governments	-	-	(3,187)	-	(3,187)
Misc. Liabilities	-	(8,334)	-	-	(8,334)
Deposits payable	-	(57,133)	-	-	(57,133)
Unearned revenue	11,598	548,287	(14,068)	-	545,817
Total adjustments	3,573,649	4,636,691	(71,488)	280,916	8,419,768
Net cash provided (used) by operating activities	<u>\$ 4,285,593</u>	<u>\$ 3,307,937</u>	<u>\$ 4,153,565</u>	<u>\$ 103,483</u>	<u>\$ 11,850,578</u>

There were no noncash capital, financing, and investing activities

## GASB #34 - completed in 1999

425. One important aspect of Statement 20 is the continuation of FASB Statement 71 for governmental utilities that are rate regulated. However, the Board agreed that, although many general governments may argue that they are similar to rate-regulated entities, the provisions of Statement 71 should be limited to activities reported in enterprise funds and that meet the three criteria of Statement 71, paragraph 5. As noted in paragraph 62 of that Statement, normal Medicare and Medicaid arrangements with healthcare entities do not establish rates that bind customers for purposes of applying paragraph 5.

**Internal Service Funds**

426. Few ED respondents made comments—either supporting or opposing—the internal service fund provisions. Some respondents voiced their concern with the ED’s proposal that internal service funds be reported as *proprietary funds* and as *governmental activities* in the government-wide financial statements. This requirement to “reclassify” internal service funds as *governmental activities* in the statement of net assets was the main area of respondent objection, with respondents citing either internal inconsistency or potential reader confusion as reasons for objecting.

427. The Board continues to believe that internal service fund activities should generally be included with governmental activities in the government-wide financial statements. Only a few respondents suggested that internal service fund balances should be included with business-type activities, and those who did argued only for consistency and comparability between “perspectives.” The Board’s perception of internal service funds as *governmental* was based on the nature of the activities, not the basis of accounting used in the funds.

428. To address respondent concerns, the Board agreed to simplify the overall model by reducing the perceived complexity. In the revised approach, a separate column is required to be used for internal service funds (that could be presented under a “governmental activities” subheading) to clarify the relationships of both the enterprise funds (similarly, under a “business-type activities” subheading) and the internal service funds to the government-wide financial statements. In this manner, the total enterprise funds column provides the details to the business-type activities balances and transactions in the government-wide statements, and the nonmajor fund data (for enterprise funds) will not be obscured by internal service fund information. In addition, the separate display of the internal service fund data as “governmental activities” provides the details of the reconciling item on the governmental fund financial

statements, avoiding the need to disclose those details in a note to the financial statements. If internal service funds were combined with nonmajor enterprise funds, the details would not be apparent.

### ***Statement of Net Assets***

429. This Statement requires proprietary funds to use a classified format in which current and noncurrent assets and liabilities and restricted assets should be distinguished based on the guidance in ARB 43. Research on user needs indicates a strong user interest in information about the classified assets and liabilities of business-type activities. Respondents to the ED generally agreed with the financial statement display requirements for proprietary funds, including the requirement for using a classified format.

430. The categories of net assets required for proprietary funds are the same as those proposed in the ED. Some respondents suggested that entities should be permitted to continue to distinguish between contributed capital and capital that is generated internally (retained earnings). However, the Board continues to believe that the focus of reporting in government should not be on a historical record of equity transactions, but on reporting net assets available to finance future services. Governments that wish to continue to provide information about the extent to which a particular enterprise fund has received capital subsidies may do so in the notes to the financial statements.

### ***Statement of Revenues, Expenses, and Changes in Fund Net Assets***

#### **Change in net assets versus capital maintenance**

431. As explained in paragraphs 282 through 286, the Board agreed to depart from the “dual-perspective” approach in the ED. As part of that conversion, the Board reexamined other provisions in the ED to identify those that may have been appropriate in a dual-perspective context but would produce inconsistencies within the new model. Of primary concern was the issue of applying a consistent approach throughout the model to financial reporting using the flow of economic resources measurement focus and accrual basis of accounting. The ED contained elements of two different approaches—a “change in net assets” approach and a “capital maintenance” approach. The *change in net assets* concept was most prevalent in the ED, especially in the statement of



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>Business - type Activities - Enterprise Funds</b>				<b>outside of totals for Proprietary</b>
	<b>Utility Fund</b>	<b>Community Services Fund</b>	<b>Beach Fund</b>	<b>Total Enterprise Funds</b>	<b>Business-type Activities Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 340,565	\$ 133,098	\$ 6,494	\$ 480,157	\$ 11,879
Investments	1,000,000	-	500,000	1,500,000	-
Accounts receivable	1,243,419	87,010	5,341	1,335,770	-
Interest receivable	36,757	26,851	713	64,321	9,124
Grants receivable	540,663	195,919	-	736,582	-
Due from other governments	-	203,764	22,171	225,935	-
Inventories	168,056	379,400	-	547,456	76,550
Prepaid expenses	152,923	281,009	23,520	457,452	5,006
Due from other funds	227,972	2,587,246	28,104	2,843,322	330,367
Total current assets	<u>3,710,355</u>	<u>3,894,297</u>	<u>586,343</u>	<u>8,190,995</u>	<u>432,926</u>
Noncurrent assets:					
Investments - long-term	9,075,250	2,833,437	650,000	12,558,687	1,085,000
Restricted for debt service reserve	214,391	-	-	214,391	-
Restricted for TRPA Deposits	11,044	80,346	-	91,390	-
Restricted State of Nevada Work Comp Deposit	-	-	-	-	101,404
Restricted for State of Nevada Sales Tax	-	6,075	-	6,075	-
	<u>9,300,685</u>	<u>2,919,858</u>	<u>650,000</u>	<u>12,870,543</u>	<u>1,186,404</u>
Capital Assets					
Land	6,530,358	11,107,336	2,304,850	19,942,544	-
Construction in progress	1,904,675	1,319,557	65,605	3,289,837	-
Buildings and structures	10,942,534	28,883,620	2,596,455	42,422,609	-
Improvements and Infrastructure	101,741,489	27,637,630	2,060,793	131,439,912	-
Equipment and vehicles	3,189,572	9,218,501	355,505	12,763,578	281,641
Total capital assets	124,308,628	78,166,644	7,383,208	209,858,480	281,641
Less: accumulated depreciation	(60,377,129)	(33,496,776)	(2,744,061)	(96,617,966)	(184,797)
Total capital assets (net)	<u>63,931,499</u>	<u>44,669,868</u>	<u>4,639,147</u>	<u>113,240,514</u>	<u>96,844</u>
Total noncurrent assets	<u>73,232,184</u>	<u>47,589,726</u>	<u>5,289,147</u>	<u>126,111,057</u>	<u>1,283,248</u>
Total assets	<u>76,942,539</u>	<u>51,484,023</u>	<u>5,875,490</u>	<u>134,302,052</u>	<u>1,716,174</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	611,317	396,349	99,598	1,107,264	112,842
Accrued personnel costs	293,180	188,412	14,161	495,753	170,593
Accrued interest payable	88,653	33,079	344	122,076	-
Unearned revenue	562,574	838,560	14,454	1,415,588	-
Refundable deposits	1,000	-	-	1,000	-
Current maturities of long-term debt	469,072	1,078,784	5,216	1,553,072	-
Total current liabilities	<u>2,025,796</u>	<u>2,535,184</u>	<u>133,773</u>	<u>4,694,753</u>	<u>283,435</u>
Non-current liabilities:					
Bond discounts, net	-	(11,789)	(192)	(11,981)	-
Bond premium, net	-	80,738	-	80,738	-
Non-current long term debt	6,096,595	4,117,379	40,621	10,254,595	-
Total non-current liabilities	<u>6,096,595</u>	<u>4,186,328</u>	<u>40,429</u>	<u>10,323,352</u>	<u>-</u>
Total liabilities	<u>8,122,391</u>	<u>6,721,512</u>	<u>174,202</u>	<u>15,018,105</u>	<u>283,435</u>
<b>NET POSITION</b>					
Net investment in capital assets	57,365,832	39,404,756	4,593,502	101,364,090	96,844
Restricted by Third Party Agreement	225,435	86,421	-	311,856	101,404
Unrestricted	11,228,881	5,271,334	1,107,786	17,608,001	1,234,491
Total net position	<u>\$ 68,820,148</u>	<u>\$ 44,762,511</u>	<u>\$ 5,701,288</u>	<u>119,283,947</u>	<u>\$ 1,432,739</u>
				Adjustment to reflect the consolidation of internal service funds' activities related to Enterprise Funds.	<u>1,432,739</u>
				Net position of Business-Type Activities	<u>\$ 120,716,686</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, 2015**

	Business - type Activities - Enterprise Funds				outside of totals
	Utility Fund	Community Services Fund	Beach Fund	Total Enterprise Funds	Business-type Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 11,009,050	\$ 16,498,005	\$ 1,766,670	\$ 29,273,725	\$ 600
Receipts from interfund services provided	-	78,203	-	78,203	2,559,522
Receipts from operating grants	-	17,000	-	17,000	-
Cell Tower lease income collected & misc	-	113,684	-	113,684	-
Payments to suppliers	(2,352,388)	(5,810,554)	(426,847)	(8,589,789)	(1,024,525)
Payments to employees	(3,340,710)	(6,371,359)	(783,731)	(10,495,800)	(1,631,275)
Payments for interfund services used	(739,036)	(745,000)	(181,438)	(1,665,474)	(33,829)
Net cash provided (used) by operating activities	4,576,916	3,779,979	374,654	8,731,549	(129,507)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Extraordinary expense	(26,906)	-	-	(26,906)	-
Due to (from) other funds	744,780	419,187	984,848	2,148,815	43,306
Net cash provided (used) by non-capital financing activities	717,874	419,187	984,848	2,121,909	43,306
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(2,942,220)	(2,832,606)	(695,822)	(6,470,648)	(21,532)
Proceeds (costs) from sale of assets	8,170	38,521	(4,296)	42,395	-
Payment of fiscal agent fees	-	(1,500)	-	(1,500)	-
Payments on capital debt	(456,276)	(1,513,398)	(270,602)	(2,240,276)	-
Capital contributions	189,092	41,755	-	230,847	-
Interest expense	(186,858)	(248,237)	(5,403)	(440,498)	-
Net cash provided (used) by capital and related financing activities	(3,388,092)	(4,515,465)	(976,123)	(8,879,680)	(21,532)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Restricted investments released (increased)	(250)	(89)	-	(339)	58,868
Investments purchased	(3,860,000)	(250,000)	(1,550,000)	(5,660,000)	-
Long-term investments sold	1,800,000	525,000	1,075,000	3,400,000	-
Investment earnings	67,204	36,052	9,724	112,980	24,532
Net cash provided (used) by investing activities	(1,993,046)	310,963	(465,276)	(2,147,359)	83,400
Net change in cash and cash equivalents	(86,348)	(5,336)	(81,897)	(173,581)	(24,333)
Cash and cash equivalents, July 1	426,913	138,434	88,391	653,738	36,212
Cash and cash equivalents, June 30	\$ 340,565	\$ 133,098	\$ 6,494	\$ 480,157	\$ 11,879
<b>Non-cash capital activities</b>					
Acquisition of 1 easement Note 4	\$ -			\$ -	

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Business - type Activities - Enterprise Funds			Total Enterprise Funds	Business-type Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Fund		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 1,435,363	\$ 1,144,582	\$ 249,896	\$ 2,829,841	\$ 56,164
Non-cash adjustments -					
Depreciation and amortization	2,865,958	2,342,332	149,427	5,357,717	10,638
Increase (decrease) in cash from changes in:					
Accounts receivable	106,768	35,541	(1,166)	141,143	-
Operating Grant Receivable	-	-	-	-	-
Due from other Governments	-	1,927	4,822	6,749	-
Inventory	3,831	577	-	4,408	(22,190)
Prepaid expenses	(20,515)	(2,933)	(4,192)	(27,640)	4,265
Collection of cell tower leases	-	113,684	-	113,684	-
Accounts payable	132,804	116,515	(12,770)	236,549	(5,998)
Accrued personnel costs	1,548	(23,571)	(6,626)	(28,649)	(172,386)
Unearned revenue and customer deposits	51,159	51,325	(4,737)	97,747	
Total adjustments	3,141,553	2,635,397	124,758	5,901,708	(185,671)
Net cash provided (used) by operating activities	\$ 4,576,916	\$ 3,779,979	\$ 374,654	\$ 8,731,549	\$ (129,507)

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