

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent
Audit Committee Chair

FROM: Cliff Dobler
Audit Committee At-Large Member

SUBJECT: Review, discuss, and possibly approve the written annual Audit Committee Report to the District's Board of Trustees (Exhibit One) in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (subparagraph 2.4.6).

DATE: February 1, 2021

I. RECOMMENDATION

To discuss and formalize the annual Audit Committee Report to be submitted to the Board of Trustees (see Exhibit One) and to discuss including certain recommendations to the Board of Trustees

Should Exhibit One include the following:

- Recommend to the Board of Trustees that the 2020 Comprehensive Annual Financial Report (CAFR) comply with the requirements of Generally Accepted Accounting Principles (GAAP) as outlined in the Moss Adams report and listed as major concerns in Exhibit One.
- Recommend to the Board of Trustees that the 2020 CAFR include the charge off as expense approximately \$3,179,000 in costs that were capitalized rather than expensed relating to the Effluent Pipeline Phase II preliminary stage activities.
- Recommend to the Board of Trustees that Eide Bailly be informed of the historic intent by past Boards of Trustees to commit the annual Facility Fees for Community Services and Beaches into separate components for operations, capital projects and debt service requiring compliance with GAAP under Governmental Accounting Standards Board (GASB) #54 Definition of a Special Revenue Fund.
- Recommend to the Board of Trustees that the **other concerns** listed in Exhibit One reviewed for materiality and be included in any consideration of revising the 2020 CAFR.

II. BACKGROUND

Policy 15.1.0 states: The Audit Committee ("Committee") is to assist the Board of Trustees fulfill its responsibilities in accordance with Nevada Revised Statutes, District Policies, Practices, Ordinances, and Resolutions by providing oversight over the District's financial reports, the systems of internal controls including the internal audit plans and reports, and the independent external auditor's assessment of financial statements.

One of the annual responsibilities of the Audit Committee is to facilitate the external audit process. Below is an excerpt from Policy 15.1.0 as it pertains to the audit process:

- 2.4 Facilitate the external audit process.
 - 2.4.1 Review and approve formal reports or letters to be submitted to the external auditor.
 - 2.4.2 Provide an independent forum for (external and/or internal resources) auditors to report findings or difficulties encountered during the audit.
 - 2.4.3 Review the auditors' report of findings and recommendations with management and the auditor.
 - 2.4.4 Review the CAFR in its entirety, including unaudited sections and letters.
 - 2.4.5 Follow-up on any corrective action identified.
 - 2.4.6 Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit.
 - 2.4.7 Assess the performance of the independent auditors.

III. HISTORY - Submittals to the Audit Committee of the District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020

At the September 30, 2020 Audit Committee meeting, Director of Finance Navazio provided a verbal update regarding the District's Independent External Audit for fiscal year 2019/2020.

At the October 27, 2020 Audit Committee meeting, Director of Finance Navazio delivered the following draft sections of the 2020 CAFR:

- Management Discussion and Analysis

Review, discuss, and possibly approve the written -3- annual Audit Committee Report to the District's Board of Trustees (Exhibit One) in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (subparagraph 2.4.6).

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- Basic Financial Statements
- Welcome letter

At the November 19, 2020 Audit Committee meeting, Director of Finance Navazio delivered the following sections of the 2020 CAFR:

- Revised Management Discussion and Analysis
- Revised Basic Financial Statements
- Revised Notes to Financial Statements

At the January 20, 2021 Audit Committee meeting, Director of Finance Navazio provided the 2020 CAFR **excluding** the following required external independent auditor reports:

- Independent Auditor's Report
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Auditor's Comments
- Auditor's Letter to Audit Committee (**not part of CAFR**)

At the January 27, 2020 Audit Committee meeting, Director of Finance Navazio presented the entire CAFR for the year ended June 30, 2020 consisting of 104 pages. In addition, he provided the IVGID Management Representation Letter to Eide Bailly and the Eide Bailly Letter to Audit Committee both dated January 22, 2021.

Tiffany Williamson, the Eide Bailly representative, provided comments on the Auditor's four reports required under their engagement letter.

At the meeting, several concerns and issues were discussed with IVGID Management and Ms. Williamson. Most of the discussion related to the Moss Adams final report **and their recommendations which were not contained** within the 2020 CAFR.

Management and the Audit Committee entered into the engagement with Moss Adams to bring long standing concerns of improper accounting and reporting in past CAFR's to closure. The group had agreed at the onset of the Moss Adams engagement to accept the findings and recommendations presented by Moss

Review, discuss, and possibly approve the written -4-
annual Audit Committee Report to the District's Board
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presentation of the annual audit in accordance with
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February 1, 2021

Adams in an effort to build a common goal and foundation for the District's financial accounting and reporting. To have some of the Moss Adams recommendations excluded in the 2020 CAFR is a concern to the Audit Committee.

IV. FINANCIAL IMPACT AND BUDGET

Unknown.

V. ALTERNATIVES

None.

VI. COMMENTS

The Audit Committee had expected the Moss Adams recommendations to be incorporated into the CAFR.

In general, Audit Committee members felt that the CAFR and Auditor reports should have been presented in a timely fashion to provide ample time to prepare and discuss the written Audit Committee Annual Report to the Board of Trustees in conjunction with the presentation of the annual audit.

Additionally, the Audit Committee had requested copies of the draft documents provided to the external auditor to expedite the review process. This process needs to be improved as part of the 2021 annual external audit process to comply with Board Policy 15.1.0.

VII. BUSINESS IMPACT

Should the 2020 CAFR require further modifications, there are potential costs to the District and additional human resource requirements.

Should the 2020 CAFR remain unchanged there are potential challenges to the integrity of the financial statements in the District's failure to fully comply with GAAP.

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

The IVGID Audit Committee (“AC”) is required under Board Policy 15.1.0, subparagraph 2.4.6 to "Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit." This report is provided to comply with the policy and provide the Board with our questions, concerns, comments and recommendations.

At the public meeting held on January 27, 2021, the Audit Committee received and reviewed the final IVGID Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020 along with the Management Representation Letter dated January 22, 2021 and other related materials. These items were presented by Director of Finance Paul Navazio. Eide Bailly Audit Engagement Partner Tiffany Williamson was in attendance to answer questions and provide an overview with specific comments on the contents of the four documents issued by Eide Bailly as required under their audit engagement letter with IVGID.

In light of the AC receiving the final 2020 CAFR and related documents for the first time on January 27, 2021, AC Chair Matthew Dent stated that the written annual Audit Committee Report to the Board of Trustees could not be prepared and completed in conjunction with the presentation of the annual audit to the Board of Trustees prior to the Board of Trustees meeting to be held the following evening.

Major Concerns and Comments regarding compliance with Generally Accepted Accounting Principles (GAAP)

The AC noted that in violation of Board Policy 15.1.2.4.1, IVGID management issued and signed the Management Representation letter to Eide Bailly prior to review and approval by the AC.

The AC expressed concerns about the actual number of adjustments that were made to the Basic Financial Statements since several incomplete drafts were provided to the AC during the prior four months. The AC was not provided a **complete** set of the Basic Financial Statements which were delivered to Eide Bailly for them to conduct their audit. This was also in violation of Board Policy 15.1.0, subparagraph 2.4.1 and precluded the AC from conducting prior independent review and oversight.

The major concern of the AC was that the Basic Financial Statements in the 2020 CAFR reflected the recommendations contained in the two Moss Adams LLP (“Moss Adams”) reports. The AC members and IVGID Management supported the engagement of Moss Adams to review accounting and reporting treatments on four major items. This engagement was enacted to provide final clarification on accounting and reporting issues which had been a "bone of contention" from citizens and two Trustees for several years. Through the course of the engagement, Moss Adams identified several other accounting

EXHIBIT ONE

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and reporting treatments used by IVGID that were NOT in compliance with GAAP or Best Practices.

Four additional major accounting treatments, both historical and/or within the current 2020 CAFR, were identified by Moss Adams as improper and not in accordance with GAAP. Two treatments on reporting Central Services Cost Allocations and Internal Services were corrected in the 2020 CAFR. However, two others were not corrected and are described as follows:

- As stated by Moss Adams representative Jim Lanzarotta at the January 28, 2021 IVGID Board of Trustees Meeting and in the Moss Adams report: “ In the historic and current CAFRs, accounting and reporting portions of the Recreation and Beach Facility Fees committed to capital projects and debt service as revenues in the Special Revenue Funds is a violation of GASB Statement #54.” In addition, it was found that the portion of the Facility Fees committed to operations for the Community Services activities reported in the Special Revenue Fund were insufficient to meet the spirit and intent of the "substantial portion" criteria of GAAP and to support the use of special revenues funds. This citation can be found on pages 12-13 of the Moss Adams “Evaluation of Certain Accounting and Reporting Matters” Final Report. Exhibit A is an excerpt from the Moss Adams report. This improper reporting affects pages 23, 26, 27, 61, 64, 65, 66 and 67 of the 2020 CAFR. Also see Exhibit D for pages 26 and 27 of CAFR calculating substantial portion.
- As stated on page 24 of the same Moss Adams Report and excerpted in Exhibit B attached to this Report: “Reporting \$6,740,884 in Facility Fees specifically for Community Services and Beach activities in the Statement of Activities (2020 CAFR pages 20 - Exhibit D) as general revenues rather than program revenues is NOT in compliance with GAAP and should be corrected.”

Concerns about expensing Effluent Pipeline Phase II costs which had been reported as Capital Assets and Construction in Progress in previous CAFRs

The Moss Adams reports provided applicable capital expenditure and best practice guidance based on Governmental Accounting Standards Board (GASB) Concepts Statement No 4. The accepted practice includes recognition of the different stages of a project which include preliminary, construction and post-construction. The preliminary stage activities that include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies and development of financing alternatives should be expensed as they are not directly connected with creating service capacity.

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February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

Over \$800,000 of preliminary costs (defined above) on certain projects which had been capitalized in prior years were addressed by IVGID Management and reversed as an expense and stated as a prior year adjustment in Note 22 of the CAFR.

IVGID Management, however, did not address as a prior year adjustment or a restatement of the fiscal 2019 financial statements, for the approximate \$3,179,000 in expenses of \$5,146,100 in costs incurred through June 30, 2019 for the Effluent Pipeline Phase II Project. These costs had been recorded in the Utility Fund as a capital asset and/or construction in progress. A majority of AC members believe these costs were preliminary stage project costs as defined in the Moss Adams report and should be expensed in the 2020 CAFR to follow GAAP guidance.

Exhibit C is a memorandum from Clifford F. Dobler providing an overview of the entire costs incurred through fiscal year 2019 on the Effluent Pipeline Phase II Project. It is apparent that a major portion of these costs were required to satisfy conditions of an Administrative Order on Consent with the Nevada Department of Environmental Protection issued in April, 2014 and not resolved until May, 2019.

AC members believe an expense charge off of \$3,179,000 must be addressed in the 2020 CAFR to be consistent with other charge offs made by Management in the 2020 CAFR.

Other Concerns

- Failure to report, in Note 19, the outstanding contract commitment of \$1,314,954 with KG Walters for the Utility Fund WRRF Aeration project.
- Failure to report, in Note 8, the \$379,916 of cash transferred from the Community Services Special Revenue Fund to the Beach Special Revenue Fund to satisfy charges for services reported in the Beach Fund but not offset by the contra revenue accounting treatment for punch card value utilized as stated in Note 18 and also Note 1U of the CAFR.
- Note 1U misstates that property owners can “use a portion of the value of their recreation passes to pay down the difference between the regular rate and resident rate. These forms of payment are presented as “contra revenue” in the fund statements.” Members could not find the “contra revenue” presented in the fund statements nor anything in Ordinance 7 that substantiates this representation of Recreation passes. Recreation Passes are not the same as punch cards, although this Note states they are.

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- Of the remaining 20 accounting and reporting concerns of community members within the 2019 CAFR, Moss Adams stated three were immaterial, two required no action, one was a duplicate and the remaining 14 should be addressed in future CAFRs which purportedly would be the 2020 CAFR. Management did not provide the AC with a plan of action to resolve the 14 items which should be addressed.
- Certain AC members expressed concern that only 19 of the 24 Eide Bailly recommended audit adjustments were made and the remaining 5 were "passed" by Management as immaterial. An AC member stated that if adjustments are being made then all adjustments should be made.
- The question as to when an adjustment or a "pass" should be made to numbers presented in the CAFR is based on the concept of "materiality" which is determined by the auditor's judgment.
- AC members identified several grammatical mistakes, incorrect statements and reporting errors. Members suggested improvements or additional disclosures in all sections of the 2020 CAFR. Most were not incorporated into the final CAFR. The AC members suggest that a review of the grammar, incorrect statements and reporting errors be conducted prior to submission of the CAFR to the Nevada Department of Taxation.
- Failure to disclose the extended Smith litigation and the potential to reimburse Smith for legal fees.

The AC believes this report satisfies our required responsibilities under Audit Committee Board Policy 15.1.0 and trust that the Board of Trustees will consider our questions, concerns, comments and recommendations.

Respectfully,

IVGID Audit Committee

Mathew Dent, IVGID Board Trustee Vice Chair and Chair of the Audit Committee

Sara Schmitz, IVGID Board Trustee (and former IVGID Board Treasurer) and Trustee Member of the Audit Committee

Ray Tulloch, At large Audit Committee Member

Derrek Aaron, At large Audit Committee Member

Clifford F. Dobler, At large Audit Committee Member

EXHIBIT ONE

February 10, 2021 Annual Audit Committee Report to the IVGID Board of Trustees

Attachments

Exhibit A - Excerpt from Moss Adams report on Non- Compliance with GAAP regarding reporting of Community Services and Beach Facility Revenues

Exhibit B - Excerpt from Moss Adams report on Non- compliance with GAAP - Statement of Activities

Exhibit C - Memorandum from Clifford F. Dobler regarding applying best practices to expense costs for the Effluent Pipeline Phase II Project

Exhibit D - Statement of Activities and the Statements of Revenues, Expenditures and Change in Fund Balance for the Community Services and Beach Special Revenue Funds in the 2020 CAFR

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EXHIBIT A

Non-compliance with GAAP - Community Services and Beach Revenue Funds *"We find that given the specific intent of the Board to commit portions of the Facility Fees to capital projects and debt service, the portions so committed should be reported as revenue directly within the respective capital projects and debt service funds. Further, we find that the portion of the Facility Fees committed to operations of the Community Services and Beach funds are insufficient to meet the spirit and intent of the "substantial portion" criteria in GAAP to support the use of a special revenue funds. While GAAP provides no specific benchmarks or percentages necessary to meet the substantial portion criteria, a 20% threshold has evolved in practice as a benchmark that can be defended as meeting the substantial portion criteria. In cases where separate funds are utilized for management reporting, budgetary compliance, or other purposes but fail the substantial portion criteria, the funds are to be combined with the General Fund for external financial reporting purposes. (GASB Q&A Z.54.39)" (page 12 & 13 of report)*

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EXHIBIT B

Non-compliance with GAAP - Statement of Activities "*We find that the classification of the Facility Fees in the government-wide statement of activities since 2015 as a general revenue is inconsistent with GAAP in that the fees are assessed specifically to finance the District's recreational activities. As such it meets the criteria to be reported as a program revenue in the statement of activities. Further, the fees meet the criteria to be included in the charges for services column in the statement. (GASB Cod Sec 2200.137)*" (page 24 of report)

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EXHIBIT C

Memorandum

TO: IVGID Audit Committee

THROUGH: Matthew Dent
Audit Committee Chair

FROM: Clifford F. Dobler
Audit Committee At Large Member

SUBJECT: Effluent Pipeline Project - Phase II - Expensing costs which were recorded as capital assets through fiscal year 2019/2020 by applying best practices and recommendations by Moss Adams - Capitalization criteria and suggested expensing of costs capitalized through fiscal year 2019/2020.

DATE: February 1, 2021

I. CONCLUSION

\$3,179, 600 which had previously been capitalized through fiscal year 2019/2020 should have been expensed. The vast majority of the work performed was not part of the original budget and annual funds collected from customers were inappropriately used for the historic activities.

II. MOSS ADAMS REPORT OBSERVATIONS

On December 19, 2020, Jim Lanzarotta of Moss Adams presented a draft report dated November 16, 2020 to the Audit Committee for review. A revised draft, dated December 7, 2020, was received by members of the Audit Committee. A final report, dated January 11, 2021, was delivered to the Board of Trustees. On pages 28 and 29 is the section regarding applicable expenditures Capital Assets.

Excerpts from Moss Adams report

Applicable capital expenditure and best practice accounting guidance - GASB Concept Statement No. 4.

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Accepted practice includes recognition of three stages of a project

- Preliminary
- Construction
- Post Construction

Preliminary stage activities include

- Conceptual formulation
- Evaluation of alternatives
- Determination of future needs
- Feasibility studies
- Development of financing alternatives

Costs incurred in the preliminary stages are **EXPENSED** as costs in this stage are not directly connected with creating service capacity of a particular asset.

III. SUMMARY OF HISTORICAL WORK PERFORMED AND COSTS INCURRED ON THE EFFLUENT PIPELINE – PHASE II PROJECT THROUGH FISCAL YEAR 2019/2020

Sources: Management presentation to the Board of trustees on January 29, 2020
Public Records requests obtained by Clifford F. Dobler

Project Description: Replace 6 miles of Effluent Pipeline along Highway 28 consisting of two segments of 17 300 linear feet in Segment 2 and 13, 700 linear feet in Segment 3. Segment 1 and a portion of Segment three was completed prior to 2011 and considered Phase 1 of the Effluent Pipeline Project.

Time period: Fiscal year 2011- current.

Total accumulated costs of the Effluent Pipeline Project - Phase II as of 6/30/2019 - \$5,156,100

- Capitalized prior to Fiscal 2019 \$281,825.
- Capitalized in Fiscal 2019..... \$4,201,768.
- Remaining in CIP..... \$662,507.
- TOTAL \$5,156,100.

Work performed, entities involved and cost incurred

- A. Preliminary Planning – HDR..... \$367,000
- B. HDR Estimate of Costs - Replacing pipeline in center of Highway 28 and abandoning existing pipeline (included in A)

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- C. Interlocal agreements with Tahoe Transportation District to explore co-locating pipeline in a future phase of bike paths - IVGID contribution of \$300,000
- D. Major Pipeline Break on 4/17/2014 - not listed
- E. Administrative Order on Consent with Nevada Department of Environmental Protection 12/3/2014 - the District's effluent export pipeline shall be evaluated for structural integrity and a plan for repair or replacement be prepared and implemented to mitigate risk of future releases in the Tahoe Basin
- F. Pipeline evaluations for wall thickness and joint damage - PICA and HDR and IVGID supplies..... \$1,604,800

Construct Launch and Retrieval Facilities -

First attempt failed at entry
Repair bore restriction
Remobilization Costs

Second attempt - only obtained joint locations in Segment 2 and completed all evaluation on Segment 3 - Overpaid on contract

Third attempt obtained all information required to satisfy conditions of Nevada Environmental Protection Order.

Parts, Pumps rentals and valves supplied by IVGID for evaluations

- G. Repair 1,100 linear feet of pipeline in 13 locations within Segment 3 - NDOT and HDR contract \$1,236,600 required to comply with the Order and Consent by Nevada Department of Environmental Protection. Compliance h was obtained in May 2019, 54 months after original order
- H. Attempt at obtaining partial financing from US Army Corp of Engineers for pipeline and pond lining.
- I. Replacement of Air Pressure Relief Values assumed for the entire 21-mile pipeline includes staff time)..... \$643,400
IVGID cannot identify \$75,000 of costs, NOT PART OF ORIGINAL BUDGET
- J. Administrative Order on Consent with Nevada Environmental Protection regarding closure of Wastewater Pond and obtaining an alternate temporary resolution
- K. Preliminary concepts on linings for the Wastewater Pond
..... \$12,300
- L. Meters and Valves replaced in areas outside of the Phase II Pipeline Project
..... \$86,500
NOT PART OF ORIGINAL BUDGET
- M. IVGID Staff time related to above items \$895,500

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IV. CAPITALIZED COSTS WHICH SHOULD BE EXPENSED

- Item A \$367,000 **EXPENSE**
- Item B Staff time
- Item C \$300,000 **EXPENSE**
- Item D Unknown
- Item E Staff time
- Item F \$1,604,800 **EXPENSE**
- Item G \$1,236,600 **SHOULD BE EXPENSED - CONDITION OF EPA.**
COULD possibly be retained depending on current Granite
Construction contract.
- Item H Staff time
- Item I \$643,400 remain capitalized, however, many may be destroyed when
new pipeline is installed.
- Item J Staff time
- Item K \$12,300 **EXPENSE**
- Item L \$86,500 - remain Capitalized. May have value - Requires more
information. Many expenses were charged.
- Item M \$895,500 **EXPENSE** Most of Staff time was spent on preliminary
stage activities

V. SUMMARY

Based on actual facts and applying best practices guidance approximately \$3,179,600 of costs recorded as a capital asset for the Effluent Pipeline Project-Phase II should be expensed.

Exhibit D

3 pages

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,098,969	\$ -	\$ -	\$ -	\$ (4,098,969)	\$ -	\$ (4,098,969)
Community Services	19,596,517	15,597,229	17,000	1,637,399	(2,344,889)	-	(2,344,889)
Beach	2,010,652	1,619,582	-	-	(391,070)	-	(391,070)
Total governmental-type activities	<u>25,706,138</u>	<u>17,216,811</u>	<u>17,000</u>	<u>1,637,399</u>	<u>(6,834,928)</u>	<u>-</u>	<u>(6,834,928)</u>
Business-type activities:							
Utilities	11,495,874	12,564,466	-	-	-	1,068,592	1,068,592
Total primary government	<u>\$ 37,202,012</u>	<u>\$ 29,781,277</u>	<u>\$ 17,000</u>	<u>\$ 1,637,399</u>	<u>(6,834,928)</u>	<u>1,068,592</u>	<u>(5,766,336)</u>
General revenues:							
Property taxes					1,722,895	-	1,722,895
Combined taxes					1,719,933	-	1,719,933
Facility Fees (Assessed)					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,433
Gain (loss) on sale of capital assets					23,888	(22,332)	1,556
Insurance Proceeds					243,548	-	243,548
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					<u>11,110,349</u>	<u>320,893</u>	<u>11,431,242</u>
Changes in net position					<u>4,275,421</u>	<u>1,389,485</u>	<u>5,664,906</u>
Net position - beginning, as previously reported					75,655,473	77,308,278	152,963,751
Prior Period Adjustment					(665,009)	-	(665,009)
Net positions, beginning, as adjusted					<u>74,990,464</u>	<u>77,308,278</u>	<u>152,298,742</u>
Net position - ending					<u>\$ 79,265,885</u>	<u>\$ 78,697,763</u>	<u>\$ 157,963,648</u>

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,070,762	\$ (445,559)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Subtotal Charges for Services	15,592,894	15,592,894	15,485,428	(107,466)
Facility Fees Should report only \$2,050,000	5,783,115	5,783,115	5,774,067	(9,048)
Intergovernmental Services	23,400	23,400	35,245	11,845
Interfund Services	98,210	98,210	76,558	(21,652)
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Investment income	50,000	50,000	126,143	76,143
Miscellaneous - other	110,361	110,361	116,042	5,681
Total revenues	<u>22,298,780</u>	<u>22,298,780</u>	<u>21,630,483</u>	<u>(668,297)</u>
EXPENDITURES				
		Adjust by removing CP and DS	(3,732,000)	
COMMUNITY SERVICES OPERATIONS:				
Championship Golf	4,703,639	4,703,639	4,255,618	448,021
Mountain Golf	1,027,877	1,027,877	960,547	67,330
Facilities	549,035	549,035	469,752	79,283
Ski	7,565,368	7,565,368	7,011,524	553,844
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551
Parks	891,279	891,279	843,619	47,660
Tennis	270,423	270,423	242,873	27,550
Recreation Administration	444,071	444,071	572,599	(128,528)
COMM. SERVICES CAPITAL OUTLAY				
Championship Golf	653,200	-	-	-
Mountain Golf	2,420,700	-	-	-
Facilities	180,400	-	-	-
Ski	2,770,850	-	-	-
Community Programming and Recreation Center	468,650	-	-	-
Parks	1,028,752	-	-	-
Tennis	1,363,950	-	-	-
COMM. SERVICES DEBT SERVICE				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Total expenditures	<u>27,197,671</u>	<u>17,926,815</u>	<u>16,546,104</u>	<u>1,380,711</u>
Excess (deficiency) of revenues over expenditures	<u>(4,898,891)</u>	<u>4,371,965</u>	<u>5,084,379</u>	<u>712,414</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	-
Total other financing sources (uses)	<u>861,800</u>	<u>(8,409,056)</u>	<u>(3,275,924)</u>	<u>5,133,132</u>
Net change in fund balance	(4,037,091)	(4,037,091)	1,808,455	5,845,546
Fund Balance, July 1, as previously reported	13,183,167	13,183,167	13,333,953	150,786
Prior Year Adjustment	-	-	138,505	138,505
Fund Balance, July 1, as adjusted	13,183,167	13,183,167	13,472,458	289,291
Fund balance, June 30	<u>\$ 9,146,076</u>	<u>\$ 9,146,076</u>	<u>\$ 15,280,913</u>	<u>\$ 6,134,837</u>

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

Portion of Facility Fee Based on Budget 26	Adjusted Revenues	\$17,898,000
Operations \$2,050,000	Facility Fee for operations	\$2,050,000
Capital Projects 3,322,000		
Debt Service 410,000	Substantial portion	11.5%

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees <i>Should only report \$659,000</i>	968,500	968,500	966,817	(1,683)
Investment earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
EXPENDITURES				
		Adjust for CP & DS	(\$310,000)	
BEACH RECREATION:				
Beach - Operations	2,109,190	2,109,190	1,758,394	350,796
Capital Outlay	990,050	-	-	-
Debt Service				
Principal	5,812	-	-	-
Interest	477	-	-	-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,394</u>	<u>350,796</u>
Excess (deficiency) of revenues over expenditures	<u>(625,729)</u>	<u>370,610</u>	<u>856,427</u>	<u>485,817</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	13,125	13,125
Operating Transfers (Out) - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers (Out) - Debt Service	-	(6,289)	(6,289)	-
Total other financing sources (uses)	<u>-</u>	<u>(996,339)</u>	<u>(75,173)</u>	<u>921,166</u>
Net change in fund balance	(625,729)	(625,729)	781,254	1,406,983
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,632</u>	<u>\$ 1,468,190</u>

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

Portion of Facility Fess	Based on Budget
Operations	\$659,000
Capital Projects	302,000
Debt Service	8,000

Adjusted Revenues	\$2,304,821
Facility Fee for operations	\$659,000
Substantial portion	28.6%