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**PENDING TRANSMITTAL LETTER**

**Draft**



**INCLINE VILLAGE AND CRYSTAL BAY COMMUNITIES**

**IVGID BOARD OF TRUSTEES**

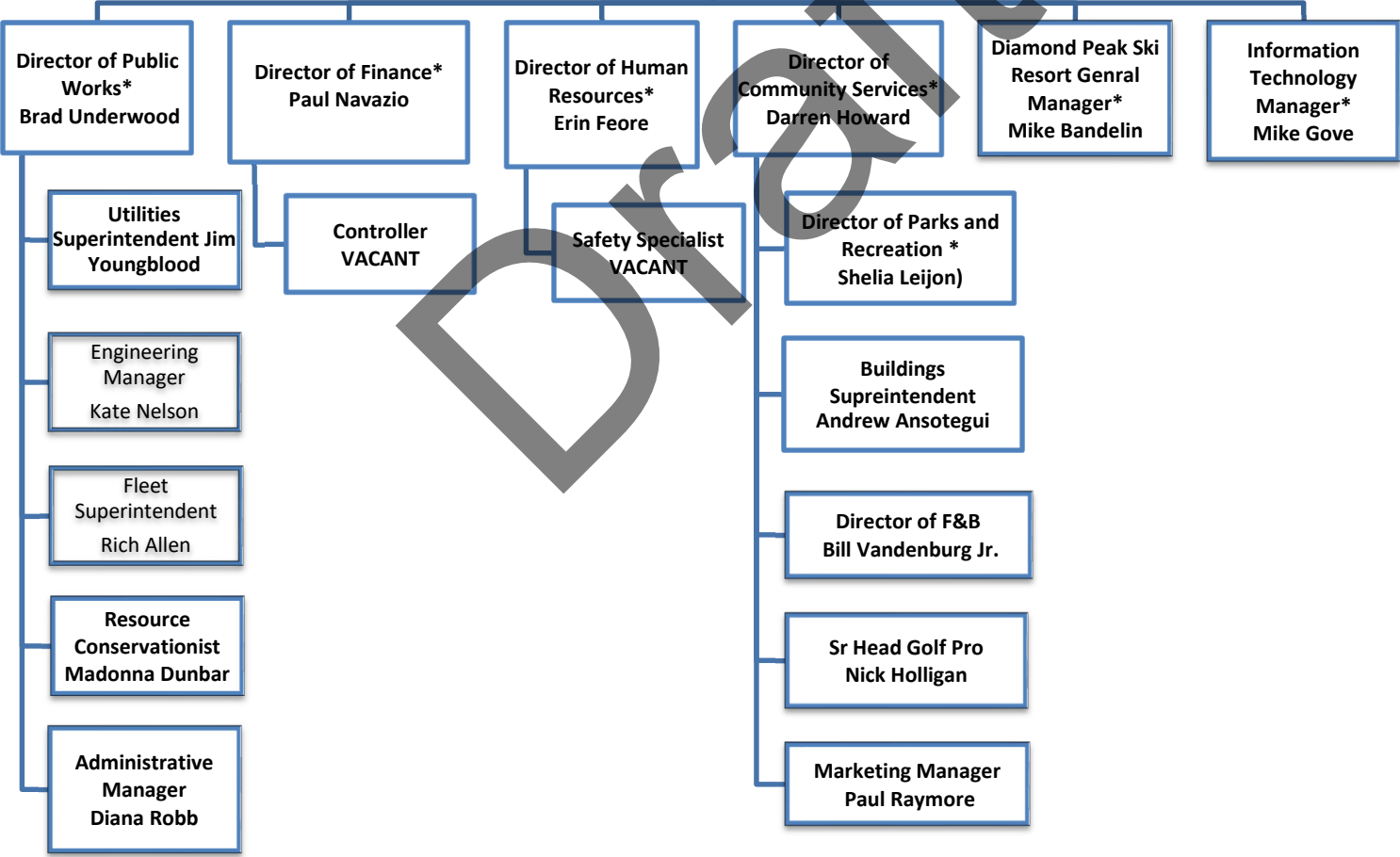
Mathew Dent Term Expires 2024	Sara Schmitz Term Expires 2024	Michaela Tonking Term Expires 2024	Dave Noble Term Expires 2027	Ray Tulloch Term Expires 2027
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**District General Counsel\***  
(Contract Position)

**General Manager\***  
**Indra S. Winqest**

**Director of Administrative Services**  
Susan Herron

**Communications Coordinator**  
Kari Ferguson



\* Members of the Senior Team

## **Independent Auditor's Report**

Board of Trustees  
Incline Village General Improvement District  
Incline Village, Nevada

### **Report on the Audit of the Financial Statements**

#### ***Disclaimer of Opinion***

We were engaged to audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incline Village General Improvement District (District), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### ***Basis for Disclaimer of Opinion***

The introduction of a new accounting system in July 2022 and significant turnover of District finance staff resulted in numerous misstatements in the accounting records. As of the date of our audit report, management was still in the process of identifying and correcting system deficiencies. We were unable to complete our analytical review procedures of revenues and expenses, we were unable to obtain sufficient audit evidence supporting other amounts in the financial statements, and we were unable to evaluate the results of the ongoing forensic investigation to determine if any additional audit procedures are necessary. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in the accompanying financial statements.

#### ***Emphasis of Matters***

During the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

District's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the District's financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedule of employer required contributions to defined contribution multi-employer plans and budgetary comparison information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *budgetary comparison schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *budgetary comparison schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion, we were not able to obtain sufficient audit evidence to provide an in relation to opinion on the *budgetary comparison schedules*.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Irvine, California  
March 27, 2024

Draft

**PENDING MD&A**

Draft



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 3,548,879	\$ 48,738,684	\$ 52,287,563
Receivables:			
Accounts receivable, net	349	1,572,851	1,573,200
Lease receivables	-	1,664,393	1,664,393
Interest on investments	79,245	-	79,245
Grants receivable	-	12,881	12,881
Due from other governments	301,362	145,409	446,771
Inventories	102,915	625,293	728,208
Prepaid items	747,155	-	747,155
Restricted assets:			
Restricted deposits	-	474,720	474,720
Capital assets:			
Land	2,669,904	21,335,966	24,005,870
Construction in progress	-	8,662,562	8,662,562
Capital assets, net of accumulated depreciation	1,355,678	92,770,167	94,125,845
Total assets	<u>8,805,487</u>	<u>176,002,926</u>	<u>184,808,413</u>
<b>LIABILITIES</b>			
Accounts payable	376,929	6,127,889	6,504,818
Accrued personnel costs	295,485	279,518	575,003
Accrued interest payable	-	30,889	30,889
Due to other governments	-	9,438	9,438
Unearned revenue	-	2,465,249	2,465,249
Refundable deposits	-	313,129	313,129
Noncurrent liabilities:			
Compensated absences due within one year	92,720	214,289	307,009
Long-term liabilities due within one year	109,998	472,468	582,466
Claims payable due within one year	406,946	-	406,946
Compensated absences due in more than one year	205,272	502,262	707,534
Long-term liabilities due in more than one year	239,996	2,049,656	2,289,652
Total liabilities	<u>1,727,346</u>	<u>12,464,787</u>	<u>14,192,133</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow related to leases	-	1,564,525	1,564,525
<b>NET POSITION</b>			
Net investment in capital assets	3,675,588	120,246,571	123,922,159
Restricted	-	474,720	474,720
Unrestricted	3,402,553	41,252,323	44,654,876
Total net position	<u>\$ 7,078,141</u>	<u>\$ 161,973,614</u>	<u>\$ 169,051,755</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,799,635	\$ -	\$ 97	\$ -	\$ (4,799,538)	\$ -	\$ (4,799,538)
Interest on long-term debt	20,000	-	-	-	(20,000)	-	(20,000)
Total governmental-type activities	4,819,635	-	97	-	(4,819,538)	-	(4,819,538)
Business-type activities:							
Utilities	11,893,546	14,701,341	-	-	-	2,807,795	2,807,795
Community services	25,487,501	20,579,508	156,995	1,139,421	-	(3,611,577)	(3,611,577)
Beach	2,364,133	616,642	-	-	-	(1,747,491)	(1,747,491)
Total business-type activities	39,745,180	35,897,491	156,995	1,139,421	-	(2,551,273)	(2,551,273)
Total primary government	\$ 44,564,815	\$ 35,897,491	\$ 157,092	\$ 1,139,421	\$ (4,819,538)	\$ (2,551,273)	\$ (7,370,811)
General revenues:							
Property taxes					2,388,045	-	2,388,045
Combined taxes					2,026,338	-	2,026,338
Facility fees (Assessed)					-	6,820,534	6,820,534
Investment income					211,516	460,899	672,415
Insurance proceeds					-	2,260	2,260
Miscellaneous revenues					360	131,864	132,224
Transfers					(1,000,000)	1,000,000	-
Gain (loss) on sale of assets					-	(111,806)	(111,806)
Total general revenues					3,626,259	8,303,751	11,930,010
Change in net position					(1,193,279)	5,752,478	4,559,199
Net positions, beginning					8,271,420	156,221,136	164,492,556
Net position - ending					\$ 7,078,141	\$ 161,973,614	\$ 169,051,755

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUND  
BALANCE SHEET  
JUNE 30, 2023**

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 3,548,879
Accounts receivable, net	349
Interest receivable on investments	79,245
Due from other funds	585,843
Due from other governments	301,362
Prepaid items	<u>747,155</u>
Total assets	<u>\$ 5,262,833</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable	\$ 316,669
Accrued personnel costs	<u>263,638</u>
Total liabilities	<u>580,307</u>
Fund balance	
Non-spendable	747,155
Unassigned	<u>3,935,371</u>
Total fund balance	<u>4,682,526</u>
Total liabilities and fund balance	<u>\$ 5,262,833</u>

Draft

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUND  
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION  
JUNE 30, 2023**

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

Total Fund Balance for Governmental Activities	\$ 4,682,526
Capital Assets, net of accumulated depreciation, are not financial resources, and therefore are not reported in the General Fund	3,994,019
Long Term Liability for Compensated Absences	(228,386)
Long Term Liability for Washoe County Property Tax Litigation	(406,946)
Long Term Liability for SBITAs	(349,994)
Total Balance from Internal Services Fund	<u>\$ (613,078)</u>
Net Position of Governmental Activities	<u><u>\$ 7,078,141</u></u>

Draft

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Ad valorem taxes	\$ 2,013,975
Personal Property Tax	17,537
Intergovernmental:	
Consolidated taxes	1,719,029
Local Government Tax Act	307,309
Operating grants	97
Investment income	211,780
Total revenues	4,269,727
<b>EXPENDITURES</b>	
<b>GENERAL GOVERNMENT</b>	
Current:	
General manager	680,385
Trustees	166,875
Accounting	329,199
Information services	1,088,570
Human resources	262,471
Health & wellness	26,987
Community & employee relations	166,444
Administration	1,124,751
Risk management	146,679
Capital outlay	483,103
Debt Service:	
Principal	104,998
Interest	20,000
Total expenditures	4,600,462
Excess revenues (expenditures)	(330,735)
<b>OTHER FINANCING SOURCES:</b>	
Transfers out	(1,000,000)
Net change in fund balance	(1,330,735)
Fund Balance, July 1	6,013,261
Fund balance, June 30	\$ 4,682,526

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES FOR THE GOVERNMENTAL FUND  
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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

Total Net Change in Fund Balance for Governmental Fund	\$ (1,330,735)
Payroll expense associated with compensated absences	(82,186)
Settlement Expense	356,533
Capital Assets acquired during the year and capitalized	486,650
Depreciation expense for the fiscal year	(266,351)
Payments made on SBITAs	104,998
Internal Services change in Net Position	<u>(462,188)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,193,279)</u></u>

Draft

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023**

	Enterprise Funds				Total
	Utility Fund	Community Services Fund	Beach Fund	Internal Service Fund	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 22,327,880	\$ 19,382,337	\$ 7,028,467	\$ -	\$ 48,738,684
Accounts receivable	1,472,330	100,521	-	-	1,572,851
Lease receivable	-	1,664,393	-	-	1,664,393
Grants receivable	12,881	-	-	-	12,881
Due from other governments	-	85,676	59,733	-	145,409
Inventories	136,365	488,928	-	102,915	728,208
Total current assets	23,949,456	21,721,855	7,088,200	102,915	52,862,426
Noncurrent assets:					
Restricted deposit for debt service reserve	237,346	-	-	-	237,346
Restricted deposit for TRPA deposits	96,902	139,475	997	-	237,374
Total noncurrent assets	334,248	139,475	997	-	474,720
Capital Assets:					
Land	6,715,543	12,315,573	2,304,850	-	21,335,966
Construction in progress	8,031,295	558,914	72,353	-	8,662,562
Buildings and structures	16,185,398	70,631,149	9,273,389	-	96,089,936
Improvements and Infrastructure	114,623,051	-	-	-	114,623,051
Equipment and vehicles	3,845,634	13,800,521	531,928	240,596	18,418,679
Total capital assets	149,400,921	97,306,157	12,182,520	240,596	259,130,194
Less: accumulated depreciation	(83,436,109)	(48,696,563)	(3,988,231)	(209,033)	(136,329,936)
Total capital assets (net)	65,964,812	48,609,594	8,194,289	31,563	122,800,258
Total noncurrent assets	66,299,060	48,749,069	8,195,286	31,563	123,274,978
Total assets	90,248,516	70,470,924	15,283,486	134,478	176,137,404
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,606,041	493,690	28,158	60,260	6,188,149
Accrued personnel costs	65,706	170,563	43,249	31,847	311,365
Accrued interest payable	30,889	-	-	-	30,889
Due to other funds	-	-	-	585,843	585,843
Due to other governments	-	-	9,438	-	9,438
Unearned revenue	167,400	2,291,673	6,176	-	2,465,249
Deposits payable	-	313,129	-	-	313,129
Current portion of compensated absences	127,073	62,098	25,118	38,564	252,853
Current maturities of long-term liabilities	455,827	16,641	-	-	472,468
Total current liabilities	6,452,936	3,347,794	112,139	716,514	10,629,383
Non-current liabilities:					
Compensated absences	168,846	321,594	11,822	31,042	533,304
Non-current long term liabilities	2,049,656	-	-	-	2,049,656
Total non-current liabilities	2,218,502	321,594	11,822	31,042	2,582,960
Deferred lease inflows	-	1,564,525	-	-	1,564,525
Total liabilities and deferred inflows	8,671,438	5,233,913	123,961	747,556	14,776,868
<b>NET POSITION</b>					
Net investment in capital assets	63,459,329	48,592,953	8,194,289	31,563	120,278,134
Restricted deposits	334,248	139,475	997	-	474,720
Restricted for Capital Projects	14,693,903	3,015,629	570,390	-	18,279,922
Unrestricted	3,089,598	13,488,954	6,393,849	(644,641)	22,327,760
Total net position	\$ 81,577,078	\$ 65,237,011	\$ 15,159,525	\$ (613,078)	\$ 161,360,536

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, 2023**

	Enterprise Funds			Internal Service Fund	Total
	Utility Fund	Community Services Fund	Beach Fund		
<b>OPERATING REVENUES</b>					
Sales and fees	\$ 14,644,009	\$ 20,579,508	\$ 616,642	\$ -	\$ 35,840,159
Recreation fee	-	3,911,100	2,909,434	-	6,820,534
Operating grants	-	156,995	-	-	156,995
Interfund services	57,332	-	-	2,833,010	2,890,342
Total operating revenues	14,701,341	24,647,603	3,526,076	2,833,010	45,708,030
<b>OPERATING EXPENSES</b>					
Wages and benefits	4,804,610	11,053,958	1,274,803	2,217,480	19,350,851
Cost of goods sold	-	1,726,032	244	-	1,726,276
Services and supplies	2,115,760	6,349,111	452,357	1,036,636	9,953,864
Defensible space	89,956	89,956	-	-	179,912
Central services cost	-	1,204,069	127,085	-	1,331,154
Insurance	238,881	495,552	44,493	17,888	796,814
Utilities	1,185,815	1,567,973	150,942	12,971	2,917,701
Professional fees	160,254	30,407	4,900	-	195,561
Depreciation	3,227,844	2,967,926	309,155	9,681	6,514,606
Total operating expenses	11,823,120	25,484,984	2,363,979	3,294,656	42,966,739
Operating income (loss)	2,878,221	(837,381)	1,162,097	(461,646)	2,741,291
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	200,999	196,111	63,789	(264)	460,635
Insurance proceeds	-	2,260	-	-	2,260
Gain (loss) on sales of assets	-	(110,805)	(1,001)	-	(111,806)
Lease revenue	-	131,864	-	-	131,864
Other expenses	(4,647)	(500)	(150)	(278)	(5,575)
Interest expense	(65,779)	(2,017)	(4)	-	(67,800)
Total nonoperating revenues (expenses)	130,573	216,913	62,634	(542)	409,578
Income before transfers and contributions	3,008,794	(620,468)	1,224,731	(462,188)	3,150,869
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Transfer in	1,000,000	-	-	-	1,000,000
Capital grants	-	1,139,421	-	-	1,139,421
Change in net position	4,008,794	518,953	1,224,731	(462,188)	5,290,290
Total net position, July 1	77,568,284	64,718,058	13,934,794	(150,890)	156,070,246
Total net position, June 30	\$ 81,577,078	\$ 65,237,011	\$ 15,159,525	\$ (613,078)	\$ 161,360,536

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, 2023**

	Utility Fund	Community Services Fund	Beach Fund	Internal Services Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 14,664,179	\$ 24,981,495	\$ 3,549,209	\$ -	\$ 43,194,883
Receipts from interfund services provided	57,332	-	-	3,226,566	3,283,898
Payments to suppliers	(3,395,322)	(11,356,129)	(1,193,006)	(1,038,747)	(16,983,204)
Payments to employees	(4,916,269)	(11,339,870)	(1,334,703)	(2,287,537)	(19,878,379)
Net cash provided (used) by operating activities	6,409,920	2,285,496	1,021,500	(99,718)	9,617,198
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfer from other funds	1,000,000	-	-	-	1,000,000
Net cash provided (used) by non-capital financing activities	1,000,000	-	-	-	1,000,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(3,423,733)	(2,624,923)	(75,067)	-	(6,123,723)
Proceeds from capital grants	82,500	1,139,421	-	-	1,221,921
Payments on capital debt	(569,407)	(410,554)	(6,291)	-	(986,252)
Interest paid on long term debt	(73,727)	(6,345)	(75)	-	(80,147)
Net cash provided (used) by capital and related financing activities	(3,984,367)	(1,902,401)	(81,433)	-	(5,968,201)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings (losses)	200,999	281,130	63,789	(542)	545,376
Net cash provided (used) by investing activities	200,999	281,130	63,789	(542)	545,376
Net change in cash and cash equivalents	3,626,552	664,225	1,003,856	(100,260)	5,194,373
Cash and cash equivalents, July 1	19,035,576	18,857,587	6,025,608	100,260	44,019,031
Cash, cash equivalents and investments, June 30	\$ 22,662,128	\$ 19,521,812	\$ 7,029,464	\$ -	\$ 49,213,404

(Continued)

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, 2023**

	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)	\$ 2,878,221	\$ (837,381)	\$ 1,162,097	\$ (461,646)	\$ 2,741,291
Non-cash adjustments -					
Depreciation	3,227,844	2,967,926	309,155	9,681	6,514,606
Misc. Income	-	2,260	-	-	2,260
Increase (decrease) in cash from changes in:					
Accounts receivable	36,289	(73,729)	-	-	(37,440)
Due from other governments	-	(61,644)	58,701	-	(2,943)
Inventories	28,762	100,823	-	20,686	150,271
Prepaid expenses	-	-	762	-	762
Accounts payable	366,582	133,121	(413,747)	8,062	94,018
Accrued personnel costs	(106,651)	(358,496)	(69,217)	(68,879)	(603,243)
Compensated absences	(5,008)	72,584	9,317	(1,178)	75,715
Due to other funds	-	-	-	393,556	393,556
Due to other governments	-	-	(2,501)	-	(2,501)
Deposits payable	-	(126,973)	-	-	(126,973)
Unearned revenue	(16,119)	467,005	(33,067)	-	417,819
Total adjustments	3,531,699	3,122,877	(140,597)	361,928	6,875,907
Net cash provided (used) by operating activities	<u>\$ 6,409,920</u>	<u>\$ 2,285,496</u>	<u>\$ 1,021,500</u>	<u>\$ (99,718)</u>	<u>\$ 9,617,198</u>

There were no significant noncash capital, financing, and investing activities for the year ended June 30, 2023.

# INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

#### B. Basic Financial Statements - Government-wide financial statements

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

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

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

#### C. Basic Financial Statements - Fund financial statements

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

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

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

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

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

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

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

The District uses the following funds:

#### ***Governmental Funds -***

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

#### ***Proprietary Funds -***

District's Proprietary (Enterprise) Funds are used to account for operations of the District's Utilities as well as District's recreational Community Services and Beach operations.

**Utility Fund** – providing water, sewer, solid waste and recycling services to approximately 4,100 customers.

**Community Services** – providing recreation venues, programs and services to approximately 8,200 parcel owners, their guests and visitors. The Community Services Fund includes operations, capital and debt related to golf courses, event facilities, downhill skiing, recreation and fitness programs, parks, tennis, and pickle ball.

**Beach** – providing beaches, picnic areas, boat launching and aquatics programs to approximately 7,700 parcel owners and their guests.

**Internal Service Funds** – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the District. The District's Internal Service Funds provides Fleet, Engineering, and Buildings Maintenance, which includes repair and maintenance of the District's vehicles and equipment, engineering services, and buildings maintenance. The Fleet, Engineering and Buildings Maintenance Departments also collectively provide planning, inspection, construction and maintenance for the District's structures and equipment.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

#### **E. Budgets and Budgetary Accounting**

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

1. On or before April 15, 2021, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held after the third Monday in May. On May 26, 2022, at a public hearing, the Board adopted a final budget. On or before June 1, 2022 the final budget was filed with the Nevada Department of Taxation.

2. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all funds. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Budgets are adopted for all governmental and proprietary fund types. The governmental fund type budgets are adopted on a modified accrual basis and the proprietary funds types budgets are adopted on an accrual basis. The District can amend or augment the budget after following State Statutes and, if necessary, public hearing procedures. For fiscal year 2022-23, the Board of Trustees approved budget augmentations totaling \$(14,698,433. The single largest augmentation (\$24,351,164) was related to the Burnt Cedar Pool Reconstruction Project.

3. The legal level of budgetary control authority is at the fund level, with appropriations reflected at the function level. Management has no budget augmentation authority without approval by the District's Board of Trustees. The General Manager may authorize a budget adjustment, provided that the budget adjustment does not increase the level of Board-approved appropriation, by fund, and is otherwise consistent with Board policies. Generally, the expenses in the proprietary funds also may not exceed appropriations. While management -pursuant to provisions of the Nevada Revised Statutes - has flexibility to change the operating budgets of the proprietary funds, in practice this occurs only rarely. Statutes do not require that enterprise fund capital outlay, debt service payments and other non-operating cash transactions, normally reflected in the balance sheet of the proprietary funds, to be limited by the budget.

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

#### **F. Cash, Cash Equivalents and Investments**

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

District Funds share bank accounts for operations, payroll and reimbursements. Activity between funds occurs in the regular activities of the District. The General Fund issues accounts payable and payroll and related benefits for all funds. To the extent payment has not occurred, but the cost was realized by the 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.

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

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

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.

*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, Beach Proprietary Funds and the Internal Service Fund are stated at the lower of cost (first-in, first-out) or market.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

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.

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

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

Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method. Board policy providing for estimated lives and capitalization thresholds of major classes of depreciable assets was updated during the fiscal year, and are summarized as follows:

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

<u>Asset Category</u>	<u>Through 12/13/21</u>		<u>After 12/31/21</u>	
	Depreciable Life	Capitalization Threshold	Depreciable Life	Capitalization Threshold
Buildings and Structures	30 - 50 years	\$10,000	10 - 40 years	\$25,000
Venue Improvements	10-50 years	\$10,000	10 - 25 years	\$10,000
Service Infrastructure	10-50 years	\$10,000	5 - 40 years	\$25,000
Equipment and Vehicles	3-20 years	\$5,000	3 - 20 years	\$10,000
Right-to-Use Asset	3-20 years	\$5,000	3 - 20 years	\$10,000

**K. Amortization of Bond Discounts**

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

**L. Compensated Absences and Accrued Personnel Costs**

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

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

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

**M. Deferred Outflows/Inflows of Resources**

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

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

**N. Unearned Revenue and Refundable Deposits**

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

The District's Community Services Fund recognizes unearned revenue to the extent it has issued user passes, gift or payment cards that can be applied to future purchases. There also are advance deposits



## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

made to reserve dates for facility rentals or program registrations. User passes expire with a stated season.

#### O. Long-Term Debt

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

#### P. Fund Balance

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

The District’s Board of Trustees approved an update to Board Policy 7.1.0, establishing policy related to the appropriate level of fund balances, effective for the fiscal years after June 30, 2022. The target fund balance / reserve levels established by Board policy are summarized as follows:

General Fund – The policy of the District shall be to maintain a target fund balance within the General Fund equal to 15% of annual budgeted expenditures (less transfers and debt)

- Of this amount, 5% is designated as a reserve for economic uncertainty;
- An additional 10% is to be designated as an emergency reserve to cover unanticipated expenditures resulting from emergencies or unanticipated mandates;
- In no cases shall the fund balance fall below the minimum balance requirements (4.0% of prior year expenditures) required under Nevada Administrative Code Section 354.650.

Enterprise Fund Types - The policy of the District shall be to maintain target levels of reserves within the Unrestricted Net Position of each of its enterprise funds, as follows:

- Operating Reserve Target: 25% of annual budgeted operating expenses (excluding depreciation and debt).
- Capital Reserve Target: 1 year of 3-year average annual budgeted depreciation.
- Debt Reserve Target – The District’s approved annual budget will maintain required debt coverage ratios for all existing debt; in addition, should the District issue any variable-rate debt obligations, an additional debt reserve shall be established at a level equal to one year's interest expenses related to variable-rate debt.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023

#### **Q. Net Position**

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

#### **R. Estimates**

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

#### **S. Central Services Cost Allocation**

The District allocates the shared costs of Accounting and Human Resources based under a Board-approved Central Services Cost Allocation Plan, adopted each year with the budget. The cost allocation plan considers full-time equivalent staffing-levels, wages, benefits, and certain services and supplies as a basis for determining the allocation of overhead charges. While charges are estimated based on budgeted expenses, actual charges are based on actual expenditures throughout the year. A year-end adjustment may be required to ensure costs charged do not exceed costs incurred for the fiscal year. The revenue generated by the allocation is recorded as an offset to General Government expenses (for Human Resources and Accounting) in the governmental funds statements.

#### **T. Punch Cards Utilized**

Under District Ordinance 7, parcel owners may obtain up to five Picture Passes and/or Punch Cards, with the latter “valued” at 1/5<sup>th</sup> of the annual Facility Fee assessed on each parcel. As a non-exchange transaction, the revenue collected from the annual Facility Fees are reflected as a General Revenue in the Statement of Activities. Punch Cards can be used to pay-down the difference between a regular rate and the resident rate for certain types of recreational fees.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

At year-end, the carrying amount of the District’s checking deposits was \$17,742,325 while the bank balance was \$18,043,807. 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.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

Cash Equivalents and Investments at June 30, 2023 consist of:

Operating Checking Accounts	\$ 17,742,325
Petty cash and change funds	55,905
Nevada LGIP General Account *	14,928,658
US Government Money Market	7,157,096
Government Agency Securities	4,740,580
Certificates of Deposit	7,662,999
Total Cash Equivalents and Investments	<u>\$ 52,287,563</u>

Restricted Deposits	<u>\$ 474,720</u>
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Investments at June 30, 2023 consist of:

General LGIP Account	\$ 14,928,658
US Government Money Market	7,157,096
Government Agency Securities	4,740,580
Certificates of Deposit	7,662,999
LGIP – Restricted Deposits	474,720
Total Investments	<u>\$ 34,964,053</u>

\* - Average weighted maturity of 130 Days

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, 2023**

Fair Value Measurements as of June 30, 2023				
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Certificates of Deposit	\$ -	\$ 7,662,999	\$ -	\$ 7,662,999
Government Agency Securities	-	4,740,580	-	4,740,580
Investments not subject to fair value measurement				
Interest Bearing Amounts - Investments				12,403,579
US Government Money Market				7,157,096
LGIP at Net Asset Value (Cash Equivalent)				14,928,658
LGIP Restricted Deposits at Net Asset Value				474,720
Total Fair Value Measurements				<u>\$ 34,964,053</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, 2023						
	2024	2025	2026	2027	2028	Total
Certificates of Deposit	\$ 1,494,873	\$ 1,933,422	\$ 2,850,807	\$ 1,383,897	\$ -	\$ 7,662,999
Government Agency Securities	1,473,521	952,499	1,415,721	435,124	463,715	4,740,580
US Government Money Market	7,157,096	-	-	-	-	7,157,096
LGIP as Cash Equivalent	14,928,658	-	-	-	-	14,928,658
LGIP - Restricted Deposits	474,720	-	-	-	-	474,720
All Investment Types						<u>\$ 34,964,053</u>

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.

	Ratings as of Year End			
	Total	AAA	AA+	Not Rated
Certificates of Deposit *	\$ 7,662,999	\$ -	\$ -	\$ 7,662,999
Government Agency Securities **	4,740,580	4,740,580	-	-
US Government Money Market	7,157,096	-	-	7,157,096
LGIP as Cash Equivalent	14,928,658	-	-	14,928,658
LGIP - Restricted Deposits	474,720	-	-	474,720
	<u>\$ 34,964,053</u>	<u>\$ 3,346,241</u>	<u>\$ -</u>	<u>\$ 30,223,473</u>

\* Federally-insured bank CD's

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

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

Concentration Credit Risk – The District Investment Policy calls for diversification without setting maximum allocations. The District invests in Federal government-sponsored enterprises (GSE) for safety and to meet statutory requirements. Individual CD's are held with a number of banks at or under the FDIC insured limited calculated by those institutions. LGIP is an unrated external investment pool administered by the State Treasurer, with oversight by the State of Nevada Board of Finance. The District has investments with Federal Home Loan Bank that represent approximately 7% of the entire investment portfolio.

**3. RESTRICTED DEPOSITS**

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 \$237,346. 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 \$237,374.

**4. LEASES RECEIVABLE**

The District is a lessor in 4 cancellable leases 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 \$131,864 in lease revenue and \$43,343 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2023, the lease receivable is \$1,664,393 and deferred inflows of resource is \$1,564,525.

**5. CAPITAL ASSETS**

Capital Asset activity for the year ended June 30, 2023:

	Balance 7/1/2022 *	Increases	Decreases	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Construction in Progress	335,903	69,275	(405,178)	-
Total governmental capital assets, not being depreciated	<u>3,005,807</u>	<u>69,275</u>	<u>(405,178)</u>	<u>2,669,904</u>
Capital assets, being depreciated				
Buildings and Structures	828,251	-	-	828,251
Equipment and Vehicles	2,058,455	822,553	-	2,881,008
Subscription based IT arrangements	454,992	-	-	454,992
Total governmental capital assets, being depreciated	<u>3,341,698</u>	<u>822,553</u>	<u>-</u>	<u>4,164,251</u>
Less accumulated depreciation for:				
Buildings and Structures	(766,774)	(17,756)	-	(784,530)
Equipment and Vehicles	(1,765,767)	(153,278)	-	(1,919,045)
Subscription based IT arrangements	-	(104,998)	-	(104,998)
Total accumulated depreciation	<u>(2,532,541)</u>	<u>(276,032)</u>	<u>-</u>	<u>(2,808,573)</u>
Total governmental capital assets being depreciated, net	809,157	546,521	-	1,355,678
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 3,814,964</u>	<u>\$ 615,796</u>	<u>\$ (405,178)</u>	<u>\$ 4,025,582</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

Capital Asset activity for the year ended June 30, 2023:	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land - Utilities	\$ 6,715,543	\$ -	\$ -	\$ 6,715,543
Land - Community Services	12,315,573	-	-	12,315,573
Land - Beach	2,304,850	-	-	2,304,850
Construction in progress - Utilities	1,498,869	7,520,487	(988,061)	8,031,295
Construction in progress - Community Services	537,741	1,305,728	(1,284,555)	558,914
Construction in progress - Beach	-	72,353	-	72,353
Total capital assets, not being depreciated	<u>23,372,576</u>	<u>8,898,568</u>	<u>(2,272,616)</u>	<u>29,998,528</u>
Capital assets, being depreciated				
Buildings and structures - Utilities	15,959,753	225,645	-	16,185,398
Buildings and structures - Community Services	33,627,523	1,186,266	(14,700)	34,799,089
Buildings and structures - Beach	7,232,131	2,564	-	7,234,695
Services infrastructure - Utilities	113,353,076	1,269,975	-	114,623,051
Venue improvements - Community Services	35,896,434	-	(64,374)	35,832,060
Venue improvements - Beach	2,038,694	-	-	2,038,694
Equipment and vehicles - Utilities	3,797,362	48,272	-	3,845,634
Equipment and vehicles - Community Services	12,457,874	1,353,285	(89,175)	13,721,984
Right to use leased equipment - Community Services	78,537	-	-	78,537
Equipment and vehicles - Beach	531,928	-	-	531,928
Total capital assets at historical cost	<u>224,973,312</u>	<u>4,086,007</u>	<u>(168,249)</u>	<u>228,891,070</u>
Less accumulated depreciation for:				
Buildings and structures - Utilities	(8,697,389)	(398,184)	-	(9,095,573)
Buildings and structures - Community Services	(16,516,882)	(995,135)	46,813	(17,465,204)
Buildings and structures - Beach	(1,811,430)	(196,320)	-	(2,007,750)
Services infrastructure - Utilities	(68,749,976)	(2,641,889)	-	(71,391,865)
Venue improvements - Community Services	(21,395,251)	(942,203)	63,376	(22,274,078)
Venue improvements - Beach	(1,507,960)	(77,771)	-	(1,585,731)
Equipment and vehicles - Utilities	(2,760,900)	(187,771)	-	(2,948,671)
Equipment and vehicles - Community Services	(7,977,817)	(1,002,024)	89,175	(8,890,666)
Right to use leased equipment - Community Services	(38,051)	(28,564)	-	(66,615)
Equipment and vehicles - Beach	(359,686)	(35,064)	-	(394,750)
Total accumulated depreciation	<u>(129,815,342)</u>	<u>(6,504,925)</u>	<u>199,364</u>	<u>(136,120,903)</u>
Total capital assets being depreciated, net	<u>95,157,970</u>	<u>(2,418,918)</u>	<u>31,115</u>	<u>92,770,167</u>
<b>Business-Type Activities Capital Assets, net</b>	<u>\$ 118,530,546</u>	<u>\$ 6,479,650</u>	<u>\$ (2,241,501)</u>	<u>\$ 122,768,695</u>

\* Balance as of June 30, 2023 has been restated to implement GASB Statement No. 96

The District has a number of Construction in Progress projects open as of June 30, 2023. The Utility Fund includes \$7,170,331 for the Effluent Export Line that project will be ongoing through in 2024. The Community Services Fund has \$1,147,142 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.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

Depreciation expenses for the year ended June 30, 2023 were charged to functions as follows:

Governmental Activities:	
General Government	\$ 276,032
Business-Type Activities:	
Utilities	3,227,844
Community Services	2,967,926
Beach	<u>309,155</u>
Total Proprietary Depreciation	6,504,925
Total Depreciation Expense	<u>\$ 6,780,957</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.

	Balance <u>June 30, 2022</u>	Provisions <u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2023</u>	Amount due within one year
Sick Leave Retirement Benefit	\$ 245,000	\$ 56,838	\$ 8,885	\$ 292,953	\$ -
Accrued Vacation	<u>611,282</u>	<u>447,468</u>	<u>337,160</u>	<u>721,590</u>	<u>307,009</u>
Total compensated absences	<u>\$ 856,282</u>	<u>\$ 504,306</u>	<u>\$ 346,045</u>	<u>\$ 1,014,543</u>	<u>\$ 307,009</u>

**7. UNEARNED REVENUE**

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

	Community <u>Services</u>	<u>Beach</u>	<u>Utility</u>	<u>Total</u>
Billed in advance	\$ 839,460	\$ 6,176	\$ 167,400	\$ 1,013,036
Unexpired season passes	1,413,116	-	-	1,413,116
Internal Gift Cards	39,097	-	-	39,097
Total	<u>\$ 2,291,673</u>	<u>\$ 6,176</u>	<u>\$ 167,400</u>	<u>\$ 2,465,249</u>

**8. INTERFUND ACCOUNTS AND TRANSFERS**

The outstanding balances between funds results mainly from the time lag between the dates that (1) inter fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund receivables and payables resulted from short-term borrowing to cover negative cash balances. Interfund receivable and payable balances at June 30, 2023 are as follows:

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

Due To	Due from	Amount
Internal Service Fund	General Fund	\$ 585,843

Interfund transfers consisted of the following for the year ended June 30, 2023:

Transfers In	Transfers Out	Amount
Utility Fund	General Fund	\$ 1,000,000

The District transferred \$1,000,000 from the General Fund to the Utility Fund to aid in the cost of construction on the Effluent Pipeline.

**9. LONG-TERM DEBT**

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

**Outstanding Long-Term Debt as of June 30, 2023:**

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Current Portion
<b>Governmental Activities:</b>						
SBITA Payable	6/30/2021	7/1/2027	4.00%	454,992	\$ 349,994	\$ 109,998
<b>Total Governmental Long-Term Liabilities</b>					<u>349,994</u>	<u>109,998</u>
<b>Business-Type Activities:</b>						
<b>Community Services:</b>						
PNC Equipment Lease	2/12/2020	1/12/2024	4.30%	78,537	16,641	16,641
<b>Utilities:</b>						
State of Nevada:						
Water IVGID-1	9/9/2004	7/1/2025	3.08%	1,687,282	271,444	106,093
Sewer CS32-0404 (G.O.)	8/1/2006	1/1/2026	2.73%	3,000,000	593,965	192,655
Water DW-1201 (G.O.)	3/16/2012	1/1/2032	2.39%	3,000,000	1,557,574	157,079
Water SRF -CW2303	4/11/2023	1/1/2053	2.19%	15,760,000	82,500	-
<b>Total Business Type Long-Term Liabilities</b>					<u>2,522,124</u>	<u>472,468</u>
<b>Total Long-Term Liabilities</b>					<u>\$ 2,872,118</u>	<u>\$ 582,466</u>



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

**Long-Term Debt changes for the year:**

	Beginning Balance	New Issues	Principal Reductions	Ending Balance	Due Within One Year
2012 Recreation	\$ 391,000	\$ -	\$ 391,000	\$ -	\$ -
Bond discounts	(278)	-	278	-	-
SBITAs Payable	454,992	-	104,998	349,994	109,998
<b>Governmental Type Total</b>	<u>845,714</u>	<u>-</u>	<u>496,276</u>	<u>349,994</u>	<u>109,998</u>
Sewer C32-0204	125,609	-	125,609	-	-
Water IVGID-1	374,340	-	102,896	271,444	106,093
Sewer CS32-0404 (GO)	781,475	-	187,510	593,965	192,655
Water DW-1201 (GO)	1,710,967	-	153,393	1,557,574	157,079
Water SRF -CW2303	-	82,500	-	82,500	-
PNC Equipment Lease	42,766	-	26,125	16,641	16,641
<b>Business Type Total</b>	<u>3,035,157</u>	<u>82,500</u>	<u>595,533</u>	<u>2,522,124</u>	<u>472,468</u>
<b>Total Debt</b>	<u>\$ 3,880,871</u>	<u>\$ 82,500</u>	<u>\$ 1,091,809</u>	<u>\$ 2,872,118</u>	<u>\$ 582,466</u>

**By Bond Type:**

General Obligation	\$ 2,492,442	\$ -	\$ 340,903	\$ 2,151,539	\$ 270,727
Revenue	499,949	-	228,505	271,444	106,093
SRF Loan	-	82,500	-	82,500	-
<b>Total Debt</b>	<u>\$ 2,992,391</u>	<u>\$ 82,500</u>	<u>\$ 569,408</u>	<u>\$ 2,505,483</u>	<u>\$ 376,820</u>

**Future Debt Service Requirements as of June 30, 2023:**

Fiscal Year Ending June 30	Debt Supported by Utility Revenue		Debt Supported by Lease Debt		SBITAs Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 455,827	\$ 73,728	\$ 16,641	\$ 1,093	\$ 109,998	\$ 15,000
2025	468,183	46,373	-	-	114,998	10,000
2026	424,055	33,677	-	-	124,998	-
2027	168,683	24,689	-	-	-	-
2028	172,739	20,633	-	-	-	-
2029-2032	<u>733,496</u>	<u>39,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 2,422,983</u>	<u>\$ 239,090</u>	<u>\$ 16,641</u>	<u>\$ 1,093</u>	<u>\$ 349,994</u>	<u>\$ 25,000</u>

At June 30, 2023, principal and interest to maturity to be paid from pledged future Utility Revenues totals \$2,422,984 and \$39,990 paid from future pledged Recreation Revenues.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITAs) that meet the requirements of GASB 96 for which the District is a subscriber are disclosed as SBITA liabilities on the District's financial statements that are presented on the accrual basis of accounting with an economic resources measurement focus. Included in the District's SBITA liabilities are subscriptions related to Enterprise Resource Planning system (Tyler Munis). GASB 96 excludes certain outflows (e.g., certain variable payments, etc.) from the measurement of SBITA liabilities. Future subscription payments for the District's SBITA liabilities are included in the schedule above.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

**10. DISTRICT RETIREMENT BENEFIT PLANS**

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

The District's Money Purchase Pension Section 401(a) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. The District's provides a non-elective contribution of 13.3% of the employee's earnings. The District's contributions for each employee are fully vested after four years of service. District contributions and interest forfeited by employees who leave employment before fully vesting, are used to reduce the District's current-period contribution requirement. Employees are not allowed to contribute directly into this plan.

The Pension Trust Fund for Operating Engineers is a cost sharing, multiple employer, defined benefit plan contract between the District's employees and the Operating Engineers Union. The plan provides retirement and medical benefits to eligible participants based on a formula of years of service and reaching a qualifying age. It is available to approximately 66 positions in the District, covered by the collective bargaining agreements, with only four electing to do so. The District is not a party to this defined benefit plan. The District's liability under the union collective bargaining agreement is limited to making monthly contributions based on union employees' pay for hours worked. Consequently, the District is not liable for any funding shortage of the defined benefit plan. Each year the District contributions to the plan equal 100% of the District's liability under the bargaining agreement. The Pension Trust Fund for Operating Engineers issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Pension Trust Fund for Operating Engineers, 1600 Harbor Bay Parkway, Suite 200, Alameda, California 94502 or by calling (800) 251-5014.

The District's Deferred Compensation (Section 457) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately after the first day of a month of employment. Employee contributions are subject to Internal Revenue Service regulations for Section 457 plans. The District provides a matching contribution up to 6%. Both employee and District contributions are fully vested 100% as made.

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

<u>FYE June 30</u>	<u>401(a) Money Purchase</u>	<u>Operating Engineers</u>	<u>Employer Section 457</u>	<u>Employee Section 457</u>
2023	\$1,241,550	\$ 75,992	\$ 507,865	\$ 716,114

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all District employees, permit them to defer a portion of their earnings until future years. The deferred compensation benefit is not collectible by employees until termination, retirement, death, or unforeseeable emergency.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

**11. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT**

Insurance Coverage on June 30, 2023 consists of the following:

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

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

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

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

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

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

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

**12. PLEDGED REVENUE AND COVERAGE**

The District has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in note 9. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in note 9. For the current year, debt service payments as a percentage of pledged gross revenue are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledge Revenue</u>	<u>Annual Amount of Pledged Revenue</u>	<u>Annual Debt Service Payments</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Sewer Service Revenue	\$8,061,513	\$207,536	2.57%
Water Service Revenue	5,658,081	307,020	5.43%

**13. CLAIMS PAYABLE**

Claims payable are as follows for the last two fiscal years:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
FY2022	\$1,359,736	-	596,257	763,479
FY2023	763,479	-	356,533	406,946

**14. UNRESTRICTED FUNDS**

At its meeting of March 3, 2020, the Board of Trustees took action to “restrict” \$9,656,890 for the purpose of earmarking these funds for the Effluent Export Pipeline Project. On August 12, 2020, the Board designated an additional \$1,912,767 as “restricted” for this purpose. As of June 30, 2021, the total funding intended to be “restricted” by the Board of Trustees for the Effluent Export Pipeline Project amounted to \$14,213,435. As of June 30, 2022, the level of funding set-aside by the Board for this purpose has increased to \$15,463,000. Funds designated for the Effluent Export Pipeline Project represent a portion of funds received by the District from utility rate revenues established and collected specifically for Utility capital improvement projects.

Notwithstanding the Board’s action to designate funding for the Effluent Pipeline Project, this funding remains in the unrestricted net position of the District’s business-type activities on the government-wide Statement of Net Position. This is due to the determination that the Board’s designation does not rise to the level of meeting the criteria set forth in GASB Statement No. 34 for restricted net position within proprietary funds.

**15. LEASE AGREEMENTS**

**Revenue:**

Non-operating revenue includes rent received for cell towers on District property. The District has an agreement with American Tower for a tower at the Mountain Golf Course. The current term started in April 2017, is for 5 years and will extend every five years through 2027 with rent increases of \$3 per year, cancelable by either party. The District has two agreements with AT&T for a tower at the Mountain Golf Course and a tower at Diamond Peak. The term for the tower at the Mountain Golf Course Tower started in October 2015 for 5 years and will automatically extend every five years, through 2039, with rent increases of 3\$ per year, cancelable by the tenant. The tower at Diamond Peak Ski Resort has a term started in July 2018 for 5 years and will extend every five years, with rent increases of 3.5% per year, cancelable by the tenant, through 2037. The

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

District has an agreement with T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort with a term from June 2017 to 2027. In fiscal year 2023 the District received from these agreements \$131,864 in lease revenue and \$43,343 in interest revenue.

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

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

**Expenses:**

The District holds a Use Permit for Diamond Peak operations and activities on property owned by the U.S. Forest Service adjacent to District-owned property. The District pays an annual permit fee based on revenues generated by selected Ski operations. The agreement does not meet the criteria for recording a lease payable as the payment amounts are dependent on future events.

**16. COMMUNITY SERVICES AND BEACH FUNDS**

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

	Charges for Services	Paid with Punch Cards
Community Services Fund:		
Championship Golf	\$ 3,831,915	\$ 25,562
Mountain Golf	831,033	5,888
Facilities	1,623,836	-
Ski	12,832,272	199,711
Community Programming	1,389,450	-
Parks	128,812	-
Tennis	302,537	-
Recreation Administration	(385,497)	-
Total	<u>\$ 20,554,358</u>	<u>\$ 231,161</u>
Beach Fund	<u>\$ 616,642</u>	<u>\$ 663,899</u>
District Total	<u>\$ 21,171,000</u>	<u>\$ 895,060</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023**

**17. 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 2023 services. As of June 30, 2023, \$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	\$ 161,020
Utility Fund	14,693,903
Community Services Fund	3,015,629
Beach Fund	570,390

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 FY2023/24 budget, and are summarized as follows:

Contractor	Project	Contract Amount	Completed (06/30/23)	Remaining Amount
Burdick Excavating Co Inc.	Watermain Replacement - Crystal Peak Road	1,372,260	915,764	456,496
Dell, Inc. and SHI International Co.	Network Upgrades - Switches, Controllers, WAP	285,000	235,613	49,387
McCuen Construction	Wetlands Effluent Disposal Facility Improvements	273,523	18,483	255,040

**18. 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 \$83,865.

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

<u>Operating Engineers</u>					
For the year ending June 30:	<u>Number of Participants</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>		
2023	7	\$ 571,293	\$	72,992	
2022	4	407,132		54,149	
2021	4	373,171		45,900	
2020	4	323,455		39,810	
2019	4	318,699		39,200	
2018	4	308,114		37,898	
2017	4	315,764		38,839	
2016	5	346,008		42,559	
2015	4	275,846		33,929	
2014	5	346,797		42,656	

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See notes to required supplementary information

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,008,289	\$ 2,008,289	\$ 2,013,975	\$ 5,686
Personal Property Tax	12,480	12,480	17,537	5,057
Intergovernmental:				
Consolidated Tax	1,821,440	1,821,440	1,719,029	(102,411)
Local Government Tax Act	258,965	258,965	307,309	48,344
Operating Grants	-	-	97	97
Investment income (loss)	13,308	13,308	211,780	198,472
Miscellaneous	2,520	2,520	-	(2,520)
Total revenues	<u>4,117,002</u>	<u>4,117,002</u>	<u>4,269,727</u>	<u>152,725</u>
<b>EXPENDITURES</b>				
Current:				
General manager	695,871	695,871	680,385	15,486
Trustees	237,742	237,742	166,875	70,867
Accounting	601,932	601,932	329,199	272,733
Information services	1,377,954	1,377,954	1,088,570	289,384
Human resources	448,672	448,672	262,471	186,201
Health & wellness	86,821	86,821	26,987	59,834
Community & employee relations	307,395	307,395	166,444	140,951
Administration	903,797	879,739	1,124,751	(245,012)
Risk management	184,882	184,882	146,679	38,203
Capital Outlay	633,000	633,000	483,103	149,897
Debt Service:				
Principal	-	-	104,998	(104,998)
Interest	-	-	20,000	(20,000)
Total expenditures	<u>5,478,066</u>	<u>5,454,008</u>	<u>4,600,462</u>	<u>853,546</u>
Excess (deficiency) of revenues over expenditures	<u>(1,361,064)</u>	<u>(1,337,006)</u>	<u>(330,735)</u>	<u>1,006,271</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net change in fund balance	<u>(2,361,064)</u>	<u>(2,337,006)</u>	<u>(1,330,735)</u>	<u>1,006,271</u>
Fund Balance, July 1	<u>6,013,261</u>	<u>6,013,261</u>	<u>6,013,261</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,652,197</u>	<u>\$ 3,676,255</u>	<u>\$ 4,682,526</u>	<u>\$ 1,006,271</u>



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
UTILITIES FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 14,369,893	\$ 14,369,893	\$ 14,644,009	\$ (274,116)
Interfund services	156,500	156,500	57,332	99,168
Total operating revenues	<u>14,526,393</u>	<u>14,526,393</u>	<u>14,701,341</u>	<u>(174,948)</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	5,710,786	5,653,678	4,804,610	849,068
Services and supplies	3,635,124	4,088,196	2,115,760	1,972,436
Defensible space	100,000	100,000	89,956	10,044
Insurance	221,900	221,900	238,881	(16,981)
Utilities	958,691	958,691	1,185,815	(227,124)
Professional fees	167,050	167,050	160,254	6,796
Depreciation	3,188,160	3,188,160	3,227,844	(39,684)
Total operating expenses	<u>13,981,711</u>	<u>14,377,675</u>	<u>11,823,120</u>	<u>2,554,555</u>
Operating income	<u>544,682</u>	<u>148,718</u>	<u>2,878,221</u>	<u>2,379,607</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	41,688	41,688	200,999	(159,311)
Other expenses	-	-	(4,647)	4,647
Interest expense	(73,728)	(73,728)	(65,779)	(7,949)
Total nonoperating revenues (expenses)	<u>(32,040)</u>	<u>(32,040)</u>	<u>130,573</u>	<u>(162,613)</u>
Income before transfers and contributions	<u>512,642</u>	<u>116,678</u>	<u>3,008,794</u>	<u>2,216,994</u>
Transfer In	1,000,000	1,000,000	1,000,000	-
Capital Grant Contributions	-	204,258	-	(204,258)
Change in net position	<u>1,512,642</u>	<u>1,320,936</u>	<u>4,008,794</u>	<u>2,012,736</u>
Total net position, July 1	<u>77,568,284</u>	<u>77,568,284</u>	<u>77,568,284</u>	<u>-</u>
Total net position, June 30	<u>\$ 79,080,926</u>	<u>\$ 78,889,220</u>	<u>\$ 81,577,078</u>	<u>\$ 2,012,736</u>

**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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 18,857,354	\$ 20,544,490	\$ 20,579,508	(35,018)
Operating grants	101,975	151,975	156,995	(5,020)
Recreation fee	3,692,700	3,692,700	3,911,100	(218,400)
Total operating revenues	<u>22,652,029</u>	<u>24,389,165</u>	<u>24,647,603</u>	<u>(258,438)</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	11,190,130	11,324,366	11,053,958	270,408
Cost of goods sold	1,793,049	1,793,049	1,726,032	67,017
Services and supplies	5,458,773	5,769,708	6,349,111	(579,403)
Defensible space	100,000	100,000	89,956	10,044
Central services cost	1,178,206	1,178,206	1,204,069	(25,863)
Insurance	427,200	427,200	495,552	(68,352)
Utilities	1,285,095	1,285,128	1,567,973	(282,845)
Professional fees	41,425	41,425	30,407	11,018
Depreciation	2,711,592	2,711,592	2,967,926	(256,334)
Total operating expenses	<u>24,185,470</u>	<u>24,630,674</u>	<u>25,484,984</u>	<u>(854,310)</u>
Operating income	<u>(1,533,441)</u>	<u>(241,509)</u>	<u>(837,381)</u>	<u>(1,112,748)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	40,008	40,008	196,111	156,103
Loss on disposition of capital assets	-	-	(110,805)	(110,805)
Insurance proceeds	-	-	2,260	2,260
Lease revenue	129,074	129,074	131,864	2,790
Other expenses	-	-	(500)	(500)
Interest expense	(6,157)	(6,157)	(2,017)	4,140
Total nonoperating revenues (expenses)	<u>162,925</u>	<u>162,925</u>	<u>216,913</u>	<u>53,988</u>
Income before transfers and contributions	<u>(1,370,516)</u>	<u>(78,584)</u>	<u>(620,468)</u>	<u>(1,058,760)</u>
Capital Grant Contributions	<u>25,535,000</u>	<u>1,239,421</u>	<u>1,139,421</u>	<u>(100,000)</u>
Change in net position	24,164,484	1,160,837	518,953	(1,158,760)
Total net position, July 1	<u>64,718,058</u>	<u>64,718,058</u>	<u>64,718,058</u>	<u>-</u>
Total net position, June 30	<u>\$ 88,882,542</u>	<u>\$ 65,878,895</u>	<u>\$ 65,237,011</u>	<u>\$ (1,158,760)</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 BEACH FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 NET POSITION - BUDGET AND ACTUALS  
 FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 623,890	\$ 623,890	\$ 616,642	\$ (7,248)
Recreation fee	2,556,840	2,556,840	2,909,434	352,594
Total operating revenues	3,180,730	3,180,730	3,526,076	345,346
<b>OPERATING EXPENSES</b>				
Wages and benefits	1,231,824	1,190,505	1,274,803	(84,298)
Cost of goods sold	-	-	244	(244)
Services and supplies	585,020	898,115	452,357	445,758
Central services cost	141,194	141,194	127,085	14,109
Insurance	41,300	41,300	44,493	(3,193)
Utilities	128,817	128,817	150,942	(22,125)
Professional fees	17,850	24,240	4,900	19,340
Depreciation	184,260	184,260	309,155	(124,895)
Total operating expenses	2,330,265	2,608,431	2,363,979	244,452
Operating income	850,465	572,299	1,162,097	589,798
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	11,400	11,400	63,789	52,389
Loss on disposition of capital assets	-	-	(1,001)	(1,001)
Other expenses	-	-	(150)	(150)
Interest expense	(70)	(70)	(4)	66
Total nonoperating revenues (expenses)	11,330	11,330	62,634	51,304
Change in net position	861,795	583,629	1,224,731	641,102
Total net position, July 1	13,934,794	13,934,794	13,934,794	-
Total net position, June 30	\$ 14,796,589	\$ 14,518,423	\$ 15,159,525	\$ 641,102

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
INTERNAL SERVICES FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Interfund services	\$ 3,467,103	\$ 3,467,103	\$ 2,833,010	\$ (634,093)
Total operating revenues	<u>3,467,103</u>	<u>3,467,103</u>	<u>2,833,010</u>	<u>(634,093)</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	2,465,077	2,440,426	2,217,480	222,946
Services and supplies	959,912	959,912	1,036,636	(76,724)
Insurance	16,600	16,600	17,888	(1,288)
Utilities	9,910	9,910	12,971	(3,061)
Professional fees	15,000	15,000	-	15,000
Depreciation	9,876	9,876	9,681	195
Total operating expenses	<u>3,476,375</u>	<u>3,451,724</u>	<u>3,294,656</u>	<u>157,068</u>
Operating income	<u>(9,272)</u>	<u>15,379</u>	<u>(461,646)</u>	<u>(477,025)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	(456)	(456)	(264)	192
Other expenses	-	-	(278)	(278)
Total nonoperating revenues (expenses)	<u>(456)</u>	<u>(456)</u>	<u>(542)</u>	<u>(86)</u>
Change in net position	(9,728)	14,923	(462,188)	(477,111)
Total net position (deficit), July 1	<u>(150,890)</u>	<u>(150,890)</u>	<u>(150,890)</u>	<u>-</u>
Total net position (deficit), June 30	<u>\$ (160,618)</u>	<u>\$ (135,967)</u>	<u>\$ (613,078)</u>	<u>\$ (477,111)</u>

**PENDING STATISTICAL SECTION**

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