



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY: DEPARTMENT OF FINANCE & ACCOUNTING



GENERAL IMPROVEMENT DISTRICT
ONE DISTRICT ~ ONE TEAM

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INTRODUCTORY SECTION



December 3, 2021

**Board of Trustees for the Incline Village General Improvement District and
Citizens of Incline Village and Crystal Bay, Nevada**

The Incline Village General Improvement District (the District) hereby submits the Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. State law (Nevada Revised Statutes 354.624) requires that local governments provide an annual audit by independent certified public accountants in conformance with generally accepted auditing standards.

This ACFR consists of management's representation of the finances of the District and, as such, management assumes full responsibility for the completeness and reliability of the information contained in this ACFR, consistent with a framework of internal controls established for this purpose. To the best of our knowledge the enclosed information is reported, in all material respects, in a manner intended to fairly represent the financial position as well as changes in financial position of the District.

The District's financial statements have been audited by Davis Farr LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the District's financial statements for the fiscal year ended June 30, 2021 are free of material misstatements. The independent audit consisted of examination, on a test basis, of evidence supporting the amounts and disclosures reported, assessing the accounting principles applied by management, and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Incline Village General Improvement District's financial statements for the year ended June 30, 2021 are fairly presented in conformity with generally-accepted accounting principles (GAAP). The Independent Auditor's Report is presented as the first component of the financial section of this ACFR, while the Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards are included in the Compliance Section of the document (pages 83-88).

The Auditor's comments include material weakness in internal controls that lead to two adjusting entries determined by the auditors:

- The auditors reviewed all capital assets and determined \$4.35 million in original cost worth of assets should not have been capitalized. The net effect to the financial statements was \$3.25 million, including \$3.1 million in costs attributable to the District's Effluent Export Pipeline project that prior audits had determined were appropriately capitalized.
- The auditors determined a transfer of \$537,835 was needed to correct a negative cash balance in the Community Services Capital Projects fund.

The auditors noted a significant deficiency in internal controls related to professional service contracts not determined through the competitive bid process. Other deficiencies noted by the auditors include bank signature cards not being updated on a timely basis when employees leave service with the District, temporary meter deposits being held instead of deposited, network user accounts not being reviewed at time of employee separation from the District, and a lack of fire suppression in the server room. Management has provided responses to both the auditors' findings and recommendations.

Management's Discussion and Analysis (MD&A), as required supplementary information, follows the Independent Auditor's Report and provides a narrative summary and analysis to assist the reader in interpreting the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with that overview.

Profile of the District

The District was formed in 1961 in accordance with the State of Nevada's Revised Statutes, Chapter 318, pertaining to General Improvement District Law as a "body corporate and politic and a quasi-municipal corporation" in the State of Nevada. The District is located on the northeast corner of Lake Tahoe, in the Sierra Nevada Mountains, and occupies a land area of approximately 15.36 square miles and serves a base population of approximately 9,000 residents.

The District is governed by a five-member Board of Trustees elected by residents of Incline Village and Crystal Bay to serve staggered four-year terms. In accordance with the enabling legislation, the District provides water, waste water, and solid waste services within its boundaries, as well as various recreational amenities including downhill skiing/riding, two golf courses, a multi-use recreation center, tennis facilities,

meeting facilities, parks, beaches, playgrounds and other recreation-related programming. The District serves approximately 4,200 water/sewer customers, accommodates over 100,000 skiers visits, 35,000 rounds of golf, and 210,000 beach visits, and oversees a variety of other activities including over 120,000 visits to the Recreation Center annually.

The District adheres to the Local Government Budget Act incorporated within Nevada Revised Statutes, which includes prescribed procedures to establish the budgetary data reflected in these financial statements. Budgets are adopted on a basis consistent with GAAP for all funds. Budgets are adopted for all governmental and proprietary fund types. The District may amend or augment the budget after following procedures prescribed in State statutes.

Local Economic Condition and Outlook

Located on the northeast shore of Lake Tahoe, Nevada, near the California border in Washoe County, the District's economy is largely dependent on tourism, centered on summer and winter recreational activities. Due to its location, the region's economy is closely tied to the California/San Francisco Bay Area economy. The Reno-Sparks Convention & Visitors Authority report from June 2019 indicates the combined room occupancy rate increased 6.3% from last year.

Development within the District is challenged by the availability of parcels for development. There are commercial projects planned in Crystal Bay. The preliminary development permits for the projects have been approved. It is anticipated they will have a positive effect on the area.

The 2020 census population of 9,462 reflects a 4% decrease since 2010. The median housing value at June 30, 2021 for single family residence and condo sales for Incline Village and Crystal Bay were \$2,025,000 and \$797,000, respectively, representing a 5.6% increase on residence and a 3.2% increase on condos over last year. For the entire Washoe County the values were \$596,000 and \$272,070 respectively. Values in Incline Village and Crystal Bay tend to be higher than Washoe County average and can fluctuate due to both seasonality as well as variability in the "second home" market.

The Reno-Sparks June 2021 unemployment rate of 4.9% is well under the State rate at 7.8%, and is below the national level at 5.9%. These unemployment rates reflect a significant increase over unemployment rates reported in 2020 largely due to the economic impacts of the COVID-19 pandemic.

Lake Tahoe is known as one of the most beautiful regions in the world and as the largest alpine lake in North America, it offers an alpine environment untouchable anywhere else. The pristine beauty of Lake Tahoe draws over three and one-half million visitors annually from around the world. From snow skiing to golfing to boating to gaming, Lake Tahoe is one of the premier resort destinations, offering visitors countless activities. Additionally, Incline Village/Crystal Bay offers a spectacular and serene mountain neighborhood for property owners.

The 2004 Legislature passed Assembly Bill 489 to provide property tax relief which provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence and a higher cap on the tax bill of other properties beginning with the 2005/2006 tax roll in Washoe County. For the fiscal year 2021 the abatement was \$41,360 based on State of Nevada Department of Taxation formulas.

Beginning in 2010, the District has had a portion of its property tax settlements offset to settle a court ordered tax refund by Washoe County. The District was able to meet this General Fund obligation and maintain service levels while the refund was completed. A settlement agreement was reached between Washoe County and the Incline Village/Crystal Bay taxpayers in the previous fiscal year for the alleged overpayment of taxes and accrued interest. As part of the settlement, the District is responsible for refunding an estimated \$1,359,757. These funds have thus been restricted within the District's General Fund.

Financial Initiatives

The Board of Trustees establishes policy and direction, within the framework of the District Strategic Plan and its Long Range Principles. The updated Strategic Plan, covering 2021-2023, was adopted September 30, 2021. Areas of emphasis within the Strategic Plan include: continued focus on delivery of exceptional services to residents, review and update of Board Policies, strengthening internal controls, improved contract management, and enhancing transparency and accountability.

Review of District's Fund Accounting Beginning with fiscal year 2016, the District transitioned from Proprietary, Enterprise fund accounting to Governmental, Special Revenue fund accounting for its Community Services and Beach activities. In approving the District's 2021 budget, the Board of Trustees took action to direct the District to transition back to Proprietary, Enterprise fund accounting beginning in fiscal year 2022. While using the Special Revenue, Capital Projects and Debt Service Fund types the District's financial statements arguably demonstrate how fees and charges collected support operations, capital and debt obligations, a return to Enterprise Fund accounting is expected to better support the

District's objective of establishing pricing policies aimed at recovering the full cost of operating District recreational venues, including the costs of capital assets and debt.

Utility Rates to Support Infrastructure. The District has identified approximately 6 miles of effluent pipeline for replacement over a series of years. This project is expected to cost in the range of \$35 - \$45 million. Currently, the District is collecting \$2.0 million per year from utility rate charges for this project. The Board has yet to determine, however, if the project will ultimately be funded with existing resources (pay-as-you-go), or through issuance of utility revenue bonds. A decision on preferred financing plan is expected to inform the District's utility rate study currently being completed. The last increases in water and sewer rates were effective in May, 2019. In part due to the uncertainty associated with the COVID-19 pandemic (and its economic impacts to our residents) the Board did not enact the proposed water and sewer rate increases scheduled to take effect in May, 2020.

Policy Direction related to District's Recreation and Beach Facility Fees. The fiscal year 2021 marks the twelfth year in which the combined fee charged to the majority of parcel owners within the District remained set at \$830 per dwelling unit equivalent. This practice is consistent with the District's objective of long-term financial planning and fiscal stability. The fees collected are allocated by the Board to support operations, capital expenditures and debt service, and continue to be set on the basis of needs identified in the District's Community Services and Beach Master Plans as well as the five-year capital improvement plan adopted each year.

Awards

As of the preparation of this report, the Government Finance Officers Association of the United States and Canada (GFOA) has not yet completed its review of the District's application for consideration of award under the Certificate of Achievement for Excellence in Financial Reporting, for the District's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The District expects to be granted this award for the prior annual report, which would be the twentieth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

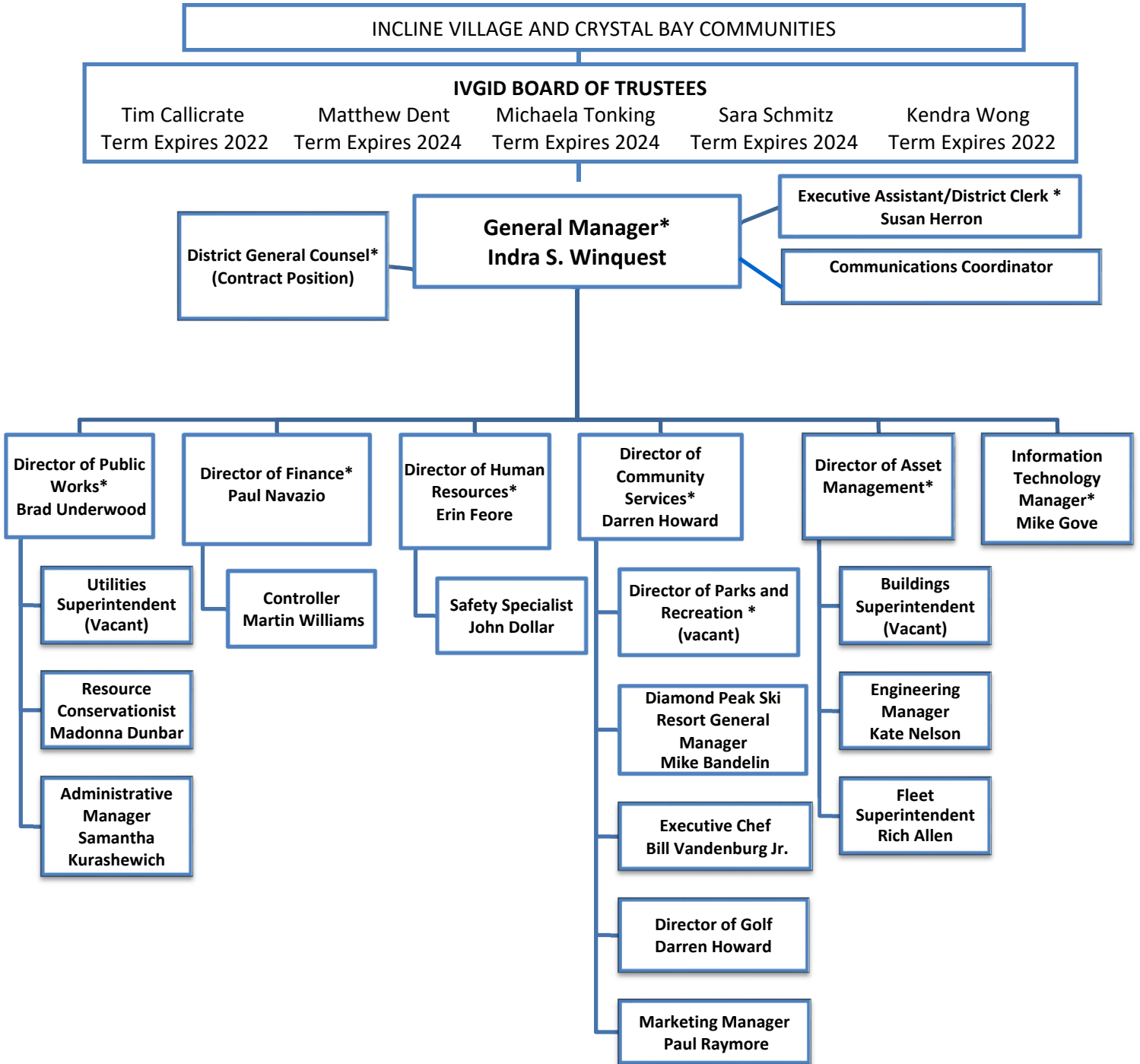
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Financial Comprehensive Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this ACFR would not have been possible without the efforts of the entire accounting staff, as well as the District's management team. Credit also must be given to the Board of Trustees, the Audit Committee, and the active engagement of community members for their contributions to this effort.

Indra S. Winquest
General Manager
Incline Village General Improvement District

Paul Navazio
Director of Finance
Incline Village General Improvement District



* Members of the Senior Team

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

FINANCIAL SECTION

Independent Auditor's Report

Board of Trustees
Incline General Improvement District
Incline Village, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Incline Village General Improvement District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Incline Village General Improvement District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows and the statement of revenues for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended June 30, 2021 reflect certain prior period adjustments as described further in note 22 to the financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The financial statements of Incline Village General Improvement District for the year ended June 30, 2020 were audited by other auditors whose report dated January 22, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incline Village General Improvement District's basic financial statements. The *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the Incline Village General Improvement 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 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 Incline Village General Improvement District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 3, 2021

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021**

This section of the Incline Village General Improvement District's (District's) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter, financial statements, and notes to gain a more complete picture of the information presented therein.

FINANCIAL HIGHLIGHTS

Financial highlights based on Government-wide Financial Statements, for the year ended June 30, 2021:

- The District's net position as of June 30, 2021 was \$159.93 million and reflects an increase in net position of \$1.97 million over the prior year. Of this amount, a total of \$41.31 million (unrestricted net position) is available to meet the District's future obligations, including future planned capital projects.
- The net position of the District's governmental activities increased by \$3.68 million (to \$82.95 million) and the net position of the District's business-type activities decreased by \$1.71 million (to \$76.99 million).
- The District's General Fund reported an ending fund balance, as of June 30, 2021, of \$5.73 million, representing an increase of \$1.10 million over the prior year. Of this amount, a total \$3.79 million represents the unassigned fund balance.
- The District's Community Services Special Revenue Fund ended the year with a fund balance of \$15.97 million, reflecting an increase of \$0.69 million from the prior year; the Beach Special Revenue Fund ended the year with a fund balance of \$2.38 million, reflecting a decrease of \$0.21 million from the prior year. The entire fund balance within the District's Community Services and Beach Special Revenue funds are committed for future use to support the District's recreational programs and facility improvements.
- As of June 30, 2021 the District had total bond debt outstanding of \$4.31 million including Utility Revenue Bonds outstanding of \$3.55 million and Recreation Bonds outstanding totaling \$0.77 million. The District retired \$0.91 million in bond principal during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021
(Continued)**

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

Fund Financial Statements

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. As a required supplementary schedule the District has prepared a schedule for its Multi-Employer Retirement Plans. Additional supplementary information is provided related to individual funds, providing more detailed budget-to-actual comparisons. These schedules indicate compliance with budgetary constraints and management directives to enhance accountability at the

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021
(Continued)**

fund and function level. The supplementary information provides schedules to report revenue and expenditure results according to the format required by the State of Nevada Department of Taxation, Local Government Division. In addition, selected statistical information is provided on a five or ten-year basis, as available, for trend and historical analysis. This information addresses a number of the major revenue sources of the District including the Recreation and Beach Facility Fee.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets exceeded liabilities and deferred inflows of resources by \$159.93 million at June 30, 2021. The largest portion of net position (73.9%) reflects net investment in capital assets (e.g., land, buildings, equipment, construction in progress less accumulated depreciation and bonds that are still outstanding). The District uses these capital assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

**Incline Village General Improvement District
Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets | | | | | | |
| Current and Other Assets | \$ 31,152,565 | \$ 23,052,597 | \$ 17,362,324 | \$ 14,656,639 | \$ 48,514,889 | \$ 37,709,236 |
| Long Term Assets | 142,727 | 3,983,781 | 324,306 | 1,859,956 | 467,033 | 5,843,737 |
| Net Capital Assets | 58,782,233 | 58,797,647 | 63,685,660 | 67,287,303 | 122,467,893 | 126,084,950 |
| Total assets | 90,077,525 | 85,834,025 | 81,372,290 | 83,803,898 | 171,449,815 | 169,637,923 |
| Liabilities | | | | | | |
| Current Liabilities | 6,742,425 | 5,561,428 | 1,414,356 | 1,559,904 | 8,156,781 | 7,121,332 |
| Long Term Liabilities | 389,043 | 763,685 | 2,972,341 | 3,546,231 | 3,361,384 | 4,309,916 |
| Total liabilities | 7,131,468 | 6,325,113 | 4,386,697 | 5,106,135 | 11,518,165 | 11,431,248 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Inflow | - | 243,026 | - | - | - | 243,026 |
| Net Position | | | | | | |
| Net investment in capital assets | 58,015,190 | 57,665,962 | 60,139,428 | 63,202,365 | 118,154,618 | 120,868,327 |
| Restricted | 142,727 | 142,135 | 324,306 | 322,895 | 467,033 | 465,030 |
| Unrestricted | 24,788,140 | 21,457,789 | 16,521,859 | 15,172,503 | 41,309,999 | 36,630,292 |
| Total net position | \$ 82,946,057 | \$ 79,265,886 | \$ 76,985,593 | \$ 78,697,763 | \$ 159,931,650 | \$ 157,963,649 |

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 17,060,831 | \$ 17,216,811 | \$ 12,831,060 | \$ 12,564,466 | \$ 29,891,891 | \$ 29,781,277 |
| Operating Grants | 18,440 | 17,000 | 39,857 | - | 58,297 | 17,000 |
| Capital Grants and contributions | 88,505 | 1,637,399 | - | - | 88,505 | 1,637,399 |
| General Revenues: | | | | | | |
| Ad valorem taxes | 1,812,958 | 1,722,895 | - | - | 1,812,958 | 1,722,895 |
| Consolidated taxes | 1,888,448 | 1,719,933 | - | - | 1,888,448 | 1,719,933 |
| Facility Fees | 6,537,641 | 6,740,884 | - | - | 6,537,641 | 6,740,884 |
| Unrestricted Investment income | 73,594 | 587,208 | 33,681 | 298,225 | 107,275 | 885,433 |
| Other | 127,897 | 384,429 | - | (22,332) | 127,897 | 362,097 |
| Total Revenues | 27,608,314 | 30,026,559 | 12,904,598 | 12,840,359 | 40,512,912 | 42,866,918 |
| Expenses | | | | | | |
| General Government | 2,887,892 | 4,098,969 | - | - | 2,887,892 | 4,098,969 |
| Utilities | - | - | 11,449,802 | 11,495,874 | 11,449,802 | 11,495,874 |
| Community Services | 18,996,222 | 19,596,517 | - | - | 18,996,222 | 19,596,517 |
| Beach | 2,186,645 | 2,010,652 | - | - | 2,186,645 | 2,010,652 |
| Total Expenses | 24,070,759 | 25,706,138 | 11,449,802 | 11,495,874 | 35,520,561 | 37,202,012 |
| Excess Revenue (Expenses) | 3,537,555 | 4,320,421 | 1,454,796 | 1,344,485 | 4,992,351 | 5,664,906 |
| Transfers In (Out) | - | (45,000) | - | 45,000 | - | - |
| Changes in Net Position | 3,537,555 | 4,275,421 | 1,454,796 | 1,389,485 | 4,992,351 | 5,664,906 |
| Beginning Net Position, as reported | 79,265,885 | 75,655,473 | 78,697,763 | 77,308,278 | 157,963,648 | 152,963,751 |
| Prior Period Adjustment | 142,617 | (665,009) | (3,166,966) | - | (3,024,349) | (665,009) |
| Beginning Net Position, as adjusted | 79,408,502 | 74,990,464 | 75,530,797 | 77,308,278 | 154,939,299 | 152,298,742 |
| Ending Net Position | 82,946,057 | 79,265,885 | 76,985,593 | 78,697,763 | 159,931,650 | 157,963,648 |

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021
(Continued)**

Governmental activities increase the district's net position by \$3.68 million for fiscal year 2021. This increase was primarily due to the allocation of \$3.2 million in facility fee to the Beach Capital Projects fund for future capital projects. This resulted in a net increase of \$1.95 million for the Beach Capital Projects fund for the year. The Community Services Special Revenue fund gained \$0.7 million in net position. The difference in net position is from the loss to Community Services Capital Projects fund and gains in the General Fund.

Revenues through June 30, 2021 across all governmental activities fell short of budget by approximately \$0.4 million. However, expenditures were below budget by approximately \$7.6 million, primarily from personnel costs and supplies and services reductions from limited services provided during COVID-19 pandemic.

Total governmental activity revenue overall decreased approximately \$2.4 million year-to-year due to a lack of capital grants in the current fiscal year.

For the District's government-wide financial statements for fiscal year 2021, revenues and expenditures within its Internal Services funds are excluded as these costs are included in the other governmental and business-type functions supported by the Internal Services functions.

Incline Village General Improvement District Governmental Activities Revenues

| | 2021 | | 2020 | |
|--|----------------------|-------------|----------------------|-------------|
| Property taxes | \$ 1,812,958 | 7% | \$ 1,722,896 | 6% |
| Combined taxes | 1,888,448 | 7% | 1,719,933 | 6% |
| Charges for Services -Community Services | 16,221,278 | 59% | 15,597,229 | 52% |
| Charges for Services - Beach | 839,405 | 3% | 1,619,582 | 5% |
| Facility Fees - Community Services | 2,684,931 | 10% | 5,774,067 | 19% |
| Facility Fees- Beach | 3,852,710 | 14% | 966,817 | 3% |
| Operating Grants | 18,440 | 0% | 17,000 | 0% |
| Capital Grants | 88,505 | 0% | 1,637,399 | 6% |
| Unrestricted investment earnings | 73,594 | 0% | 587,208 | 2% |
| Other revenues/sources | 128,059 | 0% | 339,429 | 1% |
| Total general revenues | \$ 27,608,328 | 100% | \$ 29,981,560 | 100% |

The facility fee assessed on parcel owners is the most stable of the revenue streams for the District. The facility fee is assessed by the District for recreation and beach privileges and is collected by Washoe County Assessor's office through the real property quarterly billing process. For 2020-21 the District assessed \$2,684,931 in Community Services facility fees and \$3,852,710 in Beach facility fees.

IVGID Facility Fees

| Fiscal Year | Per Eligible Parcel | | Total Assessment Roll | | District Assessed Recreation Facility Fees |
|-------------|---------------------|--------------------|-----------------------|--------------------|--|
| | Beach | Community Services | Beach | Community Services | |
| 2020-21 | \$ 500 | \$ 330 | \$ 3,852,710 | \$ 2,684,931 | \$ 6,537,641 |
| 2019-20 | 125 | 705 | 968,500 | 5,783,115 | 6,751,615 |
| 2018-19 | 125 | 705 | 969,500 | 5,788,050 | 6,757,550 |
| 2017-18 | 125 | 705 | 969,500 | 5,776,770 | 6,746,270 |
| 2016-17 | 100 | 730 | 774,400 | 5,972,860 | 6,747,260 |

Total governmental activities include the General Fund which provides District wide administration, Internal Services, Recreation, Beach, capital projects and debt service. Expenditures in the General Fund increased

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021
(Continued)**

slightly the previous year due primarily to increased personnel costs. These increases are primarily due to positions not filled in FY2020 per reduced services provided during in response to the COVID-19 pandemic.

Community Services Recreation expenditures reflect a decrease of 7.6% over prior year due primarily to capital project expenditures reduction from prior year of \$2,151,778. However, expenditures within the District's Beach activities reflect an increase from prior year in capital project expenditures due to work beginning on the Burnt Cedar Pool remodeling.

Business-type activities: Business-type activities increased their net position by \$1.32 million over the past fiscal year. The Utility Fund historically has little fluctuation in its activity from year-to-year, and as an essential service (water, sewer and solid waste) has experienced limited impact related to the COVID-19 pandemic. The Utility Fund's decrease in net position results from the write-off of \$3.2 in net capital assets, primarily related to the District's Effluent Export Pipeline project. Capital expenditures for the year were \$3,053,119, while depreciation expense was \$3,264,581. Principal reduction on bonds was \$538,706.

FINANCIAL ANALYSIS OF DISTRICT FUNDS

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

Governmental Funds: The focus of the District's governmental funds statements is to provide information on current inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance of \$3,682,922 across all governmental funds may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the District's General Fund fund balance increased to \$5,730,560, with \$582,459 non-spendable, and \$1,359,736 restricted for pending property tax settlement. This results in an unassigned fund balance as of June 30, 2021 of \$3,788,365. This compares favorably to the minimum fund balance policy of 4% of annual expenditures (or a minimum reserve level of \$116,911).

The District's recreational programming is conducted under two activities; they are Community Services and Beach. As a result of a deed restriction, a distinct constituency is served by the Beach fund and thus its inflows and outflows are measured separately to demonstrate compliance. The Community Services Special Revenue fund balance increased to \$15,966,798. The Beach Special Revenue fund balance decreased to \$2,380,224. Both of these Special Revenue funds ended the fiscal year with fund balances exceeding 25% of operating expenditures established by Board policy (or \$3.82 million and \$0.43 million, respectively). The fund balances reflect funding being collected by the District in anticipation of significant priority capital projects included in the Board-approved multi-year capital plan.

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

General Fund Budgetary Highlights

General Fund revenues exceed expenditures by \$0.86 million for the fiscal year ended June 30, 2021.

Selected highlights within the District's General Fund includes:

- Revenues exceeding budget by \$451,408, with the single largest contributor being consolidated tax which ended the year \$222,192 above budget.
- General Fund expenditures for the year ended June 30, 2021 were \$2,922,799, or \$776,012 below budget (net of Central Services Overhead cost recover). Year-end expenditures were below budget for almost all General Fund-supported administrative functions, with the largest favorable budget variances in Human Resources, Accounting, and Communications.
- Capital Outlay expenditures within the General Fund were below budget by \$365,878.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2021
(Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Incline Village General Improvement District's investment in capital assets for its governmental and business-type activities, as of June 30, 2021 amounts to \$118,154,618 (net of accumulated depreciation). Investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and recreation facilities. Readers desiring more information, with respect to capital asset activity, should see Note 4 to the financial statements.

Incline Village General Improvement District Capital Assets, Net

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land - Governmental Activities | \$ 17,290,327 | \$ 17,290,327 | \$ - | \$ - | \$ 17,290,327 | \$ 17,290,327 |
| Construction in Progress - Governmental Activities | 1,939,563 | 2,974,576 | - | - | 1,939,563 | 2,974,576 |
| Land - Utility Activities | - | - | 6,715,544 | 6,715,544 | 6,715,544 | 6,715,544 |
| Construction in Progress - Utility Activities | - | - | 1,035,834 | 1,607,772 | 1,035,834 | 1,607,772 |
| Buildings and Improvements | 828,251 | 919,213 | - | - | 828,251 | 919,213 |
| Equipment and Vehicles | 1,762,263 | 1,914,479 | - | - | 1,762,263 | 1,914,479 |
| Internal services equipment furniture and fixtures | 240,596 | 253,869 | - | - | 240,596 | 253,869 |
| Utility service infrastructure | - | - | 113,100,306 | 114,599,557 | 113,100,306 | 114,599,557 |
| Utility buildings and improvements | - | - | 15,959,753 | 15,596,832 | 15,959,753 | 15,596,832 |
| Utility equipment, furniture and fixtures | - | - | 3,797,362 | 3,882,229 | 3,797,362 | 3,882,229 |
| Community services buildings and improvements | 68,861,953 | 66,544,270 | - | - | 68,861,953 | 66,544,270 |
| Community services equipment, furniture and fixtures | 12,159,382 | 12,351,359 | - | - | 12,159,382 | 12,351,359 |
| Beach buildings and improvements | 4,680,034 | 4,936,463 | - | - | 4,680,034 | 4,936,463 |
| Beach equipment, furniture and fixtures | 529,560 | 610,457 | - | - | 529,560 | 610,457 |
| Total Cost | 108,291,929 | 107,795,013 | 140,608,799 | 142,401,934 | 248,900,728 | 250,196,947 |
| Accumulated Depreciation | (49,509,696) | (48,997,366) | (76,923,139) | (75,114,631) | (126,432,835) | (124,111,997) |
| Capital Assets, Net | \$ 58,782,233 | \$ 58,797,647 | \$ 63,685,660 | \$ 67,287,303 | \$ 122,467,893 | \$ 126,084,949 |

Long-term debt: At the end of the current fiscal year, the District had total bonded debt outstanding of \$4.31 million, including \$3.55 million in outstanding Utility Revenue Bonds and \$0.77 million in outstanding Recreation Bonds. Of the total amount of long-term debt outstanding, \$3.59 million comprise debt backed by the full faith and credit of the District, with the source for repayment being revenues from charges for services (including assessed facility fees). The remainder of the District debt, \$0.72 million, represents bonds secured solely by specified utility rate revenue sources.

Long-term liability activity for the year ended June 30, 2021 was as follows:

| | Beginning Balance | New Issues | Principal Paid | Ending Balance |
|-------------------------------|----------------------|---------------|-------------------|-------------------|
| Governmental Type Activities: | | | | |
| Bonds Payable; | | | | |
| Recreation Revenue Supported | \$ 1,131,685 | \$ - | \$ 364,642 | \$ 767,043 |
| Business Type Activities: | | | | |
| Bonds Payable; | | | | |
| Utility Revenue Supported | 4,084,938 | - | 538,706 | 3,546,232 |
| Total | \$ 5,216,623 | \$ - | \$ 903,348 | \$ 4,313,275 |

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

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

**Incline Village General Improvement District
Management’s Discussion and Analysis
For the Fiscal Year ended June 30, 2021
(Continued)**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The COVID-19 pandemic, which required curtailment of District program and operations starting on March 16, 2020, continues as a source of relative uncertainty into the current fiscal year. While the District’s FY2021/22 annual budget includes conservative assumptions related to the direct impacts of the COVID-19 pandemic on availability and access to District venues, broader economic impacts of the prolonged pandemic on our residents and guests have the potential to further affect District finances in the near term as well providing uncertainty in terms of long-term return to “normal” operations.
- The District’s primary revenue sources continue to be service charges from users, comprised of fees charged by venues at the point of service delivery and a standby charge paid by parcel owners via property tax bills to support availability of facility and services. The standby charge, known as the Facility Fee, is set annually by the Board of Trustees and provides critical funding in support of venue operations, capital improvements and debt. The Board continues to review and set the Facility Fee based on a multi-year capital improvement plan and informed by the District’s Strategic Plan.
- Among the priority capital improvement projects is the replacement of several miles of the Effluent Export Pipeline transporting treated wastewater from the District’s Water Resource Recovery Facility out of the basin. Concurrent with final project design and financing plans being considered by the Board, an updated utility rate study is currently underway to establish rates to be set over the five-year planning horizon in support of this project as well as other utility capital investments needs, ongoing operations, and establishment of appropriate reserve levels within the District’s Utility Fund. The District is also pursuing potential federal and state funding support for this project
- The Board of Trustees is also in the process of updating its priority projects to support goals of the District’s Community Services Master Plan, which includes projects at each of the District’s venues, including Diamond Peak ski area, recreation center, beach facilities and golf courses.

REQUEST OF INFORMATION

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

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**BASIC FINANCIAL
STATEMENTS**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2021

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash, cash equivalents, and investments | \$ 28,903,510 | \$ 15,828,516 | \$ 44,732,026 |
| Receivables: | | | |
| Accounts receivable, net | 78,021 | 1,356,069 | 1,434,090 |
| Interest on investments | 16,415 | 3,790 | 20,205 |
| Grants receivable | 373,912 | 12,881 | 386,793 |
| Due from other governments | 505,377 | - | 505,377 |
| Inventories | 495,351 | 161,068 | 656,419 |
| Prepaid items | 779,979 | - | 779,979 |
| Restricted assets: | | | |
| Restricted deposits | 142,727 | 324,306 | 467,033 |
| Capital assets: | | | |
| Land | 17,290,327 | 6,715,544 | 24,005,871 |
| Construction in progress | 1,939,563 | 1,035,834 | 2,975,397 |
| Buildings, structures, improvements, infrastructure, equipment and vehicles, net of accumulated depreciation | 39,552,343 | 55,934,282 | 95,486,625 |
| Total assets | 90,077,525 | 81,372,290 | 171,449,815 |
| LIABILITIES | | | |
| Accounts payable | 1,379,102 | 288,273 | 1,667,375 |
| Accrued personnel costs | 1,397,480 | 333,705 | 1,731,185 |
| Accrued interest payable | 8,465 | 46,566 | 55,031 |
| Due to other governments | 17,678 | - | 17,678 |
| Unearned revenue | 2,201,964 | 171,921 | 2,373,885 |
| Noncurrent liabilities: | | | |
| Bonds due within one year | 378,000 | 573,891 | 951,891 |
| Claims payable within one year | 355,507 | - | 355,507 |
| Bonds due in more than one year | 389,043 | 2,972,341 | 3,361,384 |
| Claims payable in more than one year | 1,004,229 | - | 1,004,229 |
| Total liabilities | 7,131,468 | 4,386,697 | 11,518,165 |
| NET POSITION | | | |
| Net investment in capital assets | 58,015,190 | 60,139,428 | 118,154,618 |
| Restricted | 142,727 | 324,306 | 467,033 |
| Unrestricted | 24,788,140 | 16,521,859 | 41,309,999 |
| Total net position | \$ 82,946,057 | \$ 76,985,593 | \$ 159,931,650 |

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, 2021**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,887,892 | \$ 148 | \$ 1,440 | \$ - | \$ (2,886,304) | \$ - | \$ (2,886,304) |
| Community services | 18,996,222 | 16,221,278 | 17,000 | 88,505 | (2,669,439) | - | (2,669,439) |
| Beach | 2,186,645 | 839,405 | - | - | (1,347,240) | - | (1,347,240) |
| Total governmental-type activities | <u>24,070,759</u> | <u>17,060,831</u> | <u>18,440</u> | <u>88,505</u> | <u>(6,902,983)</u> | <u>-</u> | <u>(6,902,983)</u> |
| Business-type activities: | | | | | | | |
| Utilities | 11,449,802 | 12,831,060 | 39,857 | - | - | 1,421,115 | 1,421,115 |
| Total primary government | <u>\$ 35,520,561</u> | <u>\$ 29,891,891</u> | <u>\$ 58,297</u> | <u>\$ 88,505</u> | <u>(6,902,983)</u> | <u>1,421,115</u> | <u>(5,481,868)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 1,812,958 | - | 1,812,958 |
| Combined taxes | | | | | 1,888,448 | - | 1,888,448 |
| Facility Fees (Assessed) | | | | | 6,537,641 | - | 6,537,641 |
| Unrestricted investment earnings | | | | | 73,594 | 33,681 | 107,275 |
| Miscellaneous revenues | | | | | 127,897 | - | 127,897 |
| Total general revenues | | | | | <u>10,440,538</u> | <u>33,681</u> | <u>10,474,219</u> |
| Changes in net position | | | | | <u>3,537,555</u> | <u>1,454,796</u> | <u>4,992,351</u> |
| Net position - beginning, as previously reported | | | | | 79,265,885 | 78,697,763 | 157,963,648 |
| Prior Period Adjustment | | | | | 142,617 | (3,166,966) | (3,024,349) |
| Net positions, beginning | | | | | <u>79,408,502</u> | <u>75,530,797</u> | <u>154,939,299</u> |
| Net position - ending | | | | | <u>\$ 82,946,057</u> | <u>\$ 76,985,593</u> | <u>\$ 159,931,650</u> |

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

| | <u>GENERAL</u> | <u>COMMUNITY SERVICES SPECIAL REV.</u> | <u>BEACH SPECIAL REVENUE</u> | <u>COMMUNITY SERVICES CAP. PROJECTS</u> | <u>BEACH CAPITAL PROJECTS</u> | <u>COMMUNITY SERVICES DEBT SERV.</u> | <u>Nonmajor BEACH DEBT SERVICE</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---|---------------------|--|--------------------------------------|---|---------------------------------------|--|--|---|
| ASSETS | | | | | | | | |
| Cash, cash equivalents and investments | \$ 6,169,333 | \$ 17,598,962 | \$ 2,371,554 | \$ - | \$ 2,732,635 | \$ 29,576 | \$ 1,450 | \$ 28,903,510 |
| Accounts receivable, net | - | 64,965 | 13,056 | - | - | - | - | 78,021 |
| Interest receivable on investments | 10,890 | 5,525 | - | - | - | - | - | 16,415 |
| Grants receivable | - | 373,912 | - | - | - | - | - | 373,912 |
| Due from other governments | 358,784 | 62,868 | 83,725 | - | - | - | - | 505,377 |
| Inventories | - | 419,556 | - | - | - | - | - | 419,556 |
| Prepaid items | 582,459 | 197,520 | - | - | - | - | - | 779,979 |
| Restricted deposits | - | 141,727 | 1,000 | - | - | - | - | 142,727 |
| Total assets | \$ 7,121,466 | \$ 18,865,035 | \$ 2,469,335 | \$ - | \$ 2,732,635 | \$ 29,576 | \$ 1,450 | \$ 31,219,497 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 162,654 | \$ 280,727 | \$ 12,674 | \$ 105,443 | \$ 781,824 | \$ - | \$ - | \$ 1,343,322 |
| Accrued personnel costs | 1,228,211 | 99,235 | 8,000 | - | - | - | - | 1,335,446 |
| Due to other governments | - | - | 15,126 | - | - | - | - | 15,126 |
| Unearned revenue | 41 | 2,148,612 | 53,311 | - | - | - | - | 2,201,964 |
| Total liabilities | 1,390,906 | 2,528,574 | 89,111 | 105,443 | 781,824 | - | - | 4,895,858 |
| Deferred Inflow of Resources | | | | | | | | |
| Unavailable revenue | - | 369,662 | - | - | - | - | - | 369,662 |
| Fund balance | | | | | | | | |
| Non-spendable | 582,459 | 617,076 | - | - | - | - | - | 1,199,535 |
| Restricted | 1,359,736 | 141,727 | 1,000 | - | - | - | - | 1,502,463 |
| Committed | - | 15,207,996 | 2,379,224 | - | 1,950,811 | 29,576 | 1,450 | 19,569,057 |
| Unassigned | 3,788,365 | - | - | (105,443) | - | - | - | 3,682,922 |
| Total fund balance | 5,730,560 | 15,966,799 | 2,380,224 | (105,443) | 1,950,811 | 29,576 | 1,450 | 25,953,977 |
| Total liabilities and fund balance | \$ 7,121,466 | \$ 18,865,035 | \$ 2,469,335 | \$ - | \$ 2,732,635 | \$ 29,576 | \$ 1,450 | \$ 31,219,497 |

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2021**

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

| | |
|---|-----------------------------|
| Total Fund Balance for Governmental Activities | \$ 25,953,977 |
| Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund | 58,730,447 |
| Accrued interest, not to be liquidated from currently available resources | (8,465) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund | (769,000) |
| Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund | 1,957 |
| Unavailable Revenue for outstanding FEMA grant revenue | 369,662 |
| Long Term Liability for Washoe County Property Tax Litigation | (1,359,736) |
| Total Net Position of Internal Services Fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities | <u>27,215</u> |
| Net Position of Governmental Activities | <u><u>\$ 82,946,057</u></u> |

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>GENERAL</u> | <u>COMMUNITY SERVICES SPECIAL REV.</u> | <u>BEACH SPECIAL REVENUE</u> | <u>COMMUNITY SERVICES CAP. PROJECTS</u> | <u>BEACH CAPITAL PROJECTS</u> | <u>COMMUNITY SERVICES DEBT SERV.</u> | <u>Nonmajor BEACH DEBT SERVICE</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|---------------------|--|------------------------------|---|-------------------------------|--------------------------------------|------------------------------------|---------------------------------|
| REVENUES | | | | | | | | |
| Ad valorem taxes | \$ 1,760,049 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,760,049 |
| Personal Property Tax | 52,909 | - | - | - | - | - | - | 52,909 |
| Intergovernmental: | | | | | | | | |
| Consolidated taxes | 1,629,192 | - | - | - | - | - | - | 1,629,192 |
| Local Government Tax Act | 259,256 | - | - | - | - | - | - | 259,256 |
| Services | 1,440 | 36,997 | - | - | - | - | - | 38,437 |
| Charges for Services | - | 16,092,512 | 839,405 | - | - | - | - | 16,931,917 |
| Facility Fees | - | 1,735,612 | 648,974 | 536,571 | 3,196,016 | 412,748 | 7,720 | 6,537,641 |
| Interfund Services | - | 91,769 | - | - | - | - | - | 91,769 |
| Operating Grants | - | 17,000 | - | - | - | - | - | 17,000 |
| Capital Grants | - | - | - | 88,505 | - | - | - | 88,505 |
| Investment income | 68,489 | 4,471 | 635 | - | - | - | - | 73,595 |
| Miscellaneous | 8,363 | 119,697 | - | - | - | - | - | 128,060 |
| Total revenues | <u>3,779,698</u> | <u>18,098,058</u> | <u>1,489,014</u> | <u>625,076</u> | <u>3,196,016</u> | <u>412,748</u> | <u>7,720</u> | <u>27,608,330</u> |
| EXPENDITURES | | | | | | | | |
| GENERAL GOVERNMENT | | | | | | | | |
| Manager | 397,556 | - | - | - | - | - | - | 397,556 |
| Trustees | 143,722 | - | - | - | - | - | - | 143,722 |
| Accounting | 324,601 | - | - | - | - | - | - | 324,601 |
| Information Services | 940,924 | - | - | - | - | - | - | 940,924 |
| Human Resources | 2,999 | - | - | - | - | - | - | 2,999 |
| Health & Wellness | 16,218 | - | - | - | - | - | - | 16,218 |
| Community & Employee Relations | 165,651 | - | - | - | - | - | - | 165,651 |
| Administration | 565,250 | - | - | - | - | - | - | 565,250 |
| Capital Outlay | 365,878 | - | - | - | - | - | - | 365,878 |
| RECREATION | | | | | | | | |
| Championship Golf | - | 3,342,505 | - | 112,217 | - | - | - | 3,454,722 |
| Mountain Golf | - | 1,014,000 | - | 11,330 | - | - | - | 1,025,330 |
| Facilities | - | 1,005,717 | - | 60,107 | - | - | - | 1,065,824 |
| Ski | - | 6,603,759 | - | 287,796 | - | - | - | 6,891,555 |
| Community Programming and Recreation Center | - | 1,938,411 | - | 87,206 | - | - | - | 2,025,617 |
| Parks | - | 758,179 | - | 66,349 | - | - | - | 824,528 |
| Tennis | - | 249,060 | - | 73,392 | - | - | - | 322,452 |
| Recreation Administration | - | 377,556 | - | 7,000 | - | - | - | 384,556 |
| Beach | - | - | 1,700,422 | - | 234,767 | - | - | 1,935,189 |
| Capital Outlay | | | | | | | | |
| Championship Golf | - | - | - | 785,415 | - | - | - | 785,415 |
| Mountain Golf | - | - | - | 79,296 | - | - | - | 79,296 |
| Ski | - | - | - | 115,469 | - | - | - | 115,469 |
| Community Programming and Recreation Center | - | - | - | 252,906 | - | - | - | 252,906 |
| Parks | - | - | - | 170,123 | - | - | - | 170,123 |
| Tennis | - | - | - | 798,648 | - | - | - | 798,648 |
| Beach | - | - | - | - | 1,010,438 | - | - | 1,010,438 |
| Debt Service | | | | | | | | |
| Principal | - | - | - | - | - | 362,075 | 5,925 | 368,000 |
| Interest | - | - | - | - | - | 21,097 | 345 | 21,442 |
| Total expenditures | <u>2,922,799</u> | <u>15,289,187</u> | <u>1,700,422</u> | <u>2,907,254</u> | <u>1,245,205</u> | <u>383,172</u> | <u>6,270</u> | <u>24,454,309</u> |
| Excess revenues (expenditures) | 856,899 | 2,808,871 | (211,408) | (2,282,178) | 1,950,811 | 29,576 | 1,450 | 3,154,021 |
| OTHER FINANCING SOURCES: | | | | | | | | |
| Proceeds from Sale of Capital and Intangible Assets | - | 52,250 | - | 1,500 | - | - | - | 53,750 |
| Transfers In (Out) - Facility Fees for Capital Expenditure | - | (537,835) | - | 537,835 | - | - | - | - |
| Net change in fund balance | <u>856,899</u> | <u>2,323,286</u> | <u>(211,408)</u> | <u>(1,742,843)</u> | <u>1,950,811</u> | <u>29,576</u> | <u>1,450</u> | <u>3,207,771</u> |
| Fund Balance, July 1, as reported | 4,630,149 | 15,280,913 | 2,591,632 | - | - | - | - | 22,502,694 |
| Prior period adjustment | 243,512 | (1,637,400) | - | 1,637,400 | - | - | - | 243,512 |
| Fund balance, July 1 as adjusted | <u>4,873,661</u> | <u>13,643,513</u> | <u>2,591,632</u> | <u>1,637,400</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,746,206</u> |
| Fund balance, June 30 | <u>\$ 5,730,560</u> | <u>\$ 15,966,799</u> | <u>\$ 2,380,224</u> | <u>\$ (105,443)</u> | <u>\$ 1,950,811</u> | <u>\$ 29,576</u> | <u>\$ 1,450</u> | <u>\$ 25,953,977</u> |

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES FOR THE GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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

| | |
|---|----------------------------|
| Total Net Change in Fund Balance for Governmental Funds | \$ 3,207,771 |
| Capital Assets acquired during the year and capitalized | 3,541,827 |
| Depreciation expense for the fiscal year | (3,326,937) |
| Gain (Loss) on assets sold | (116,849) |
| Principal paid on long-term liabilities, including bonds payable | 368,000 |
| Interest accrued versus paid | 2,771 |
| Amortize Bond Discount for fiscal year | (3,357) |
| Total Change in Net Position of Internal Services Fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities | <u>(135,671)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 3,537,555</u></u> |

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

| | Business - type Activities Enterprise Utility Fund | Governmental Activities Internal Services Fund |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 14,320,611 | \$ - |
| Short term investments | 1,507,905 | - |
| Accounts receivable | 1,356,069 | - |
| Interest receivable | 3,790 | - |
| Grants receivable | 12,881 | - |
| Inventories | 161,068 | 75,795 |
| Total current assets | <u>17,362,324</u> | <u>75,795</u> |
| Noncurrent assets: | | |
| Contractual deposits | 100 | - |
| Restricted deposit for debt service reserve | 230,224 | - |
| Restricted for TRPA Deposits | 93,982 | - |
| | <u>324,306</u> | <u>-</u> |
| Capital Assets: | | |
| Land | 6,715,544 | - |
| Construction in progress | 1,035,834 | - |
| Buildings and structures | 15,959,753 | - |
| Improvements and Infrastructure | 113,100,306 | - |
| Equipment and vehicles | 3,797,362 | 240,596 |
| Total capital assets | <u>140,608,799</u> | <u>240,596</u> |
| Less: accumulated depreciation | <u>(76,923,139)</u> | <u>(188,810)</u> |
| Total capital assets (net) | <u>63,685,660</u> | <u>51,786</u> |
| Total noncurrent assets | <u>64,009,966</u> | <u>51,786</u> |
| Total assets | <u>81,372,290</u> | <u>127,581</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 288,273 | 35,780 |
| Accrued personnel costs | 333,705 | 62,034 |
| Accrued interest payable | 46,566 | - |
| Unearned revenue | 171,921 | - |
| Due to other funds | - | 2,552 |
| Current maturities of long-term debt | 573,891 | - |
| Total current liabilities | <u>1,414,356</u> | <u>100,366</u> |
| Non-current liabilities: | | |
| Non-current long term debt | 2,972,341 | - |
| Total non-current liabilities | <u>2,972,341</u> | <u>-</u> |
| Total liabilities | <u>4,386,697</u> | <u>100,366</u> |
| NET POSITION | | |
| Net investment in capital assets | 60,139,428 | 51,786 |
| Restricted | 324,306 | - |
| Unrestricted | 16,521,859 | (24,571) |
| Total net position | <u>\$ 76,985,593</u> | <u>\$ 27,215</u> |

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

| | Business - type Activities Enterprise Utility Fund | Governmental Activities Internal Services Fund |
|---|---|---|
| | Fund | Services Fund |
| OPERATING REVENUES | | |
| Sales and fees | \$ 12,870,917 | \$ - |
| Interfund services | - | 2,417,504 |
| Total operating revenues | 12,870,917 | 2,417,504 |
| OPERATING EXPENSES | | |
| Wages and benefits | 4,201,417 | 1,789,054 |
| Cost of goods sold | 7,125 | - |
| Services and supplies | 2,030,189 | 726,776 |
| Defensible space | 100,000 | - |
| Central services cost | 356,440 | - |
| Insurance | 197,331 | 14,809 |
| Utilities | 815,167 | 9,975 |
| Professional fees | 227,259 | - |
| Depreciation | 3,264,581 | 12,561 |
| Total operating expenses | 11,199,509 | 2,553,175 |
| Operating income | 1,671,408 | (135,671) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 33,681 | - |
| Loss on sales of assets | (153,379) | - |
| Interest on bond debt | (96,914) | - |
| Total nonoperating revenues (expenses) | (216,612) | - |
| Income before transfers and contributions | 1,454,796 | (135,671) |
| Change in net position | 1,454,796 | (135,671) |
| Total net position, July 1, as reported | 78,697,763 | 162,886 |
| Prior Period Adjustment | (3,166,966) | - |
| Total net position, July 1, as adjusted | 75,530,797 | 162,886 |
| Total net position, June 30 | \$ 76,985,593 | \$ 27,215 |

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, 2021**

| | Business - type Activities Enterprise Utility Fund | Governmental Activities Internal Services Fund |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 12,786,845 | \$ - |
| Receipts from interfund services provided | - | 2,420,056 |
| Payments to suppliers | (3,810,010) | (746,237) |
| Payments to employees | (4,311,872) | (1,799,373) |
| Net cash provided (used) by operating activities | <u>4,664,963</u> | <u>(125,554)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (3,053,120) | - |
| Proceeds from sale of assets | 69,837 | - |
| Payments on capital debt | (540,117) | - |
| Interest expense | (104,428) | - |
| Net cash provided (used) by capital and related financing activities | <u>(3,627,828)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Long-term investments matured | 3,820,858 | - |
| Investment earnings | 47,451 | - |
| Net cash provided (used) by investing activities | <u>3,868,309</u> | <u>-</u> |
| Net change in cash and cash equivalents | 4,905,444 | (125,554) |
| Cash and cash equivalents, July 1 | <u>9,415,167</u> | <u>125,554</u> |
| Cash, cash equivalents and investments, June 30 | <u><u>\$ 14,320,611</u></u> | <u><u>\$ -</u></u> |

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

| | Business - type | |
|--|--------------------------|--------------------------|
| | Activities | Governmental |
| | Enterprise | Activities |
| | Utility | Internal |
| | Fund | Services Fund |
| | <hr/> | <hr/> |
| Reconciliation of operating income (loss) | | |
| to net cash provided (used) by operating | | |
| activities: | | |
| Operating income (loss) | \$ 1,671,408 | \$ (135,671) |
| Non-cash adjustments - | | |
| Depreciation | 3,264,581 | 12,561 |
| Increase (decrease) in cash from changes in: | | |
| Accounts receivable | (88,067) | - |
| Accrued personnel costs | (110,455) | (10,319) |
| Due to other funds | - | 2,552 |
| Unearned revenue | 3,995 | - |
| Total adjustments | <hr/> 2,993,555 | <hr/> 10,117 |
| Net cash provided (used) by operating activities | <hr/> <hr/> \$ 4,664,963 | <hr/> <hr/> \$ (125,554) |

There were no noncash capital, financing, and investing activities

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basic Financial Statements - Government-wide financial statements

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

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

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

C. Basic Financial Statements - Fund financial statements

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

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

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

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

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

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

The District uses the following funds:

Governmental Funds -

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

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

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

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

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

Proprietary Funds -

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

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

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

E. Budgets and Budgetary Accounting

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

1. On or before April 15, 2020, 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 27, 2020, at a public hearing, the Board adopted a final budget. On or before June 1, 2020 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 2020-21, the Board of Trustees approved budget augmentations totaling \$1,313,677. All budget augmentations amended the adopted capital improvement budget with the majority of the augmentations (\$1,258,289) being related to the Burnt Cedar Pool Reconstruction Project.
3. The legal level of budgetary control is at the fund level. Appropriations are adopted at the function level. Management has no amendment authority without the District's Board approval. Generally, the expenses in the proprietary funds also may not exceed appropriations. While management has flexibility to change the operating budgets of the proprietary funds but in practice rarely does so. Statutes do not require that enterprise fund capital outlay, debt service payments and other non-operating cash transactions, normally reflected in the balance sheet of the proprietary funds, to be limited by the budget.
4. The District also presents select cash flow information in order to reflect all resources being used to provide for capital outlay, debt service payments and other transactions particularly in proprietary funds. This supplemental disclosure allows the District to identify the extent of current year items that are being paid from previously funded resources. The presentation includes items according to character and object. It also provides the Nevada Department of Taxation with requested information that compares to amounts reported on their budget forms.

F. Cash, Cash Equivalents and Investments

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

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

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

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

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

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

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

The District has the following recurring fair value measurements as of June 30, 2021:

Certificates of Deposits valued at quoted market prices (Level 2 inputs)

G. Receivables

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

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

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

Grants Receivable. The District has been awarded grants to finance the construction of various utility infrastructures, restoration of a creek zone and to upgrade a ballfield. These funds are earned when requisite construction costs are incurred. The District has recognized funds earned but not collected by a Grants Receivable, 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. An allowance for doubtful accounts is considered and at present, the allowance totals \$22,899. The District may file a tax lien for uncollected utility service fees.

H. Inventory and Prepaid Items

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

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

I. Restricted Assets

The District has restricted several deposits for the benefit of other agencies in connection with performance under a retail operation, construction projects, and debt service. These agencies establish the restriction by regulation or agreement.

J. Capital Assets

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

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

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

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

Activities of the Beach Special Revenue 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 acquisitions season. The District accumulates costs through a series of pre-design, design and acquisition stages.

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

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

K. Amortization of Bond Discounts

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

L. Compensated Absences and Accrued Personnel Costs

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

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

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

M. Deferred Outflows/Inflows of Resources

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

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

N. Unearned Revenue and Refundable Deposits

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

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

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

O. Long-Term Debt

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

P. Fund Balance

In the fund financial statements, fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include “non-spendable” which are not expected to be converted to cash, such as inventory or prepaid items, “restricted” by conditions of law, regulation grants, or 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 has adopted Policy 7.1.0 and Practice 7.2.0, establishing policy related to the appropriate level of fund balance, as follows:

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

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

Proprietary Fund Types:

- Utilities Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
- Internal Services - 25% of operating expenses for the fiscal year based on the current adopted budget. (This level of net position was not achieved for the fiscal year ending June 30, 2021).

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

Q. Net Position

In the Proprietary fund and the government-wide financial statements, net position is presented in one of three classifications: net investment in capital assets, restricted and the residual unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances on bonds that are attributable to the acquisition, construction or improvement of those assets. The restricted component of net position consists of 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 plan, adopted each year with the budget. The cost allocation plan considers full time equivalent staffing-levels, wages, benefits, and certain services and supplies as a basis for determining charges. The charges are based on budgeted expenses. The revenue generated by the allocation is recorded as an offset to General Government expenses (for Human Resources and Accounting) in the governmental funds statements.

T. Punch Cards Utilized

Under District Ordinance 7, parcel owners may obtain up to five Picture Passes and/or Punch Cards, with the latter “valued” at 1/5th 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. These forms of payment are presented as contra revenue in the Fund statements. No contra-revenues are recorded for transactions involving additional Punch Cards purchased by property owners throughout the year.

DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District's checking deposits was \$9,366,220 while the bank balance was \$9,897,222. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Coverage and the balance was covered by pledged collateral under an arrangement with the State of Nevada on behalf of all local units of government.

Cash Equivalents and Investments at June 30, 2021 consist of:

| | |
|--|---------------------|
| Operating Checking Accounts | \$9,366,220 |
| Petty cash and change funds | 42,803 |
| Nevada Local Government Investment Pool (average weighted maturity of 130 days) | |
| General LGIP Account | 10,915,129 |
| Utility LGIP Account | 4,806,933 |
| US Government Money Market | 14,562,109 |
| Certificates of Deposit | <u>5,038,830</u> |
| Total Cash Equivalents and Investments | <u>\$44,732,026</u> |
| Restricted Deposits | \$ 467,033 |

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.

Investment Maturities by Investment Type as of June 30, 2021

| | 2022 | 2023 | 2024 | Total |
|----------------------------|---------------|------|------|----------------------|
| Certificates of Deposit | \$ 5,038,829 | \$ - | \$ - | \$ 5,038,829 |
| US Government Money Market | \$ 14,562,109 | \$ - | \$ - | 14,562,109 |
| LGIP as Cash Equivalent | 15,722,062 | - | - | 15,722,062 |
| LGIP - Restricted Deposits | 460,858 | - | - | 460,858 |
| All Investment Types | | | | <u>\$ 35,783,858</u> |

Fair Value Measurements as of June 30, 2021

| | Level 2 | Total |
|---|--------------|----------------------|
| Certificates of Deposit | \$ 5,038,829 | \$ 5,038,829 |
| Investments not measured at fair value | | |
| Interest Bearing Amounts - Investments | | 5,038,829 |
| US Government Money Market | | 14,562,109 |
| LGIP at Net Asset Value (Cash Equivalent) | | 15,722,062 |
| LGIP Restricted Deposits at Net Asset Value | | 460,858 |
| Total Fair Value Measurements | | <u>\$ 35,783,858</u> |

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

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

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

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

3. RESTRICTED DEPOSITS

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

The assets of the EPA State Revolving Fund (SRF) Reserve may be used to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is in the account at the District's discretion. The EPA SRF Reserve is in the LGIP Account totaling \$230,224. 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 \$230,634:

| | |
|---|-------------------|
| Deposit with State of Nevada for Sales Tax | \$ 6,075 |
| Building Deposit held by Parasol Tahoe Foundation | 100 |
| LGIP Restricted Deposits (SRF & TRPA) | <u>460,858</u> |
| Total Restricted Deposits | <u>\$ 467,033</u> |

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2021:

| | Balance | | Adjusted Balance | | | Balance |
|--|----------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
| | July 1, 2020 | Adjustment | July 1, 2020 | Increases | Decreases | June 30, 2021 |
| Governmental Activities: | | | | | | |
| Capital assets, not being depreciated | | | | | | |
| Land - General Government | \$ 2,669,904 | \$ - | 2,669,904 | \$ - | \$ - | \$ 2,669,904 |
| Land - Community Services | 12,315,573 | | 12,315,573 | - | - | 12,315,573 |
| Land - Beach | 2,304,850 | | 2,304,850 | - | - | 2,304,850 |
| Subtotal Land | 17,290,327 | - | 17,290,327 | - | - | 17,290,327 |
| Construction in Progress - General Government | - | | - | 292,949 | - | 292,949 |
| Construction in Progress - Community Services | 2,601,150 | | 2,601,150 | 1,640,928 | (3,979,328) | 262,750 |
| Construction in Progress - Beach | 373,426 | | 373,426 | 1,010,438 | - | 1,383,864 |
| Subtotal Construction in Progress | 2,974,576 | - | 2,974,576 | 2,944,315 | (3,979,328) | 1,939,563 |
| Total capital assets, not being depreciated | 20,264,903 | - | 20,264,903 | 2,944,315 | (3,979,328) | 19,229,890 |
| Capital assets, being depreciated | | | | | | |
| Buildings and Structures - General Government | 919,213 | - | 919,213 | - | (90,962) | 828,251 |
| Buildings and Structures - Community Services | 32,018,829 | (138,748) | 31,880,081 | 2,039,758 | (462,388) | 33,457,451 |
| Buildings and Structures - Beach | 2,683,716 | (7,219) | 2,676,497 | - | (35,157) | 2,641,340 |
| Venue Improvements - Community Services | 34,525,442 | (149,591) | 34,375,851 | 2,011,246 | (982,595) | 35,404,502 |
| Venue Improvements - Beach | 2,252,748 | (8,804) | 2,243,944 | - | (205,250) | 2,038,694 |
| Equipment and Vehicles - General Government | 1,914,479 | (30,756) | 1,883,723 | 72,929 | (194,389) | 1,762,263 |
| Equipment and Vehicles - Community Services | 12,351,359 | (191,385) | 12,159,974 | 477,797 | (478,389) | 12,159,382 |
| Equipment and Vehicles - Beach | 610,458 | (23,175) | 587,283 | - | (57,722) | 529,561 |
| Equipment and Vehicles - Internal Services | 253,869 | (13,273) | 240,596 | - | - | 240,596 |
| Total capital assets, being depreciated | 87,530,113 | (562,951) | 86,967,162 | 4,601,730 | (2,506,852) | 89,062,040 |
| Less accumulated depreciation for: | | | | | | |
| Buildings and Structures - General Government | (821,371) | - | (821,371) | (19,597) | 90,960 | (750,008) |
| Buildings and Structures - Community Services | (15,178,336) | 93,582 | (15,084,754) | (937,199) | 457,015 | (15,564,938) |
| Buildings and Structures - Beach | (1,678,556) | 5,587 | (1,672,969) | (84,506) | 29,070 | (1,728,405) |
| Venue Improvements - Community Services | (20,548,803) | 125,699 | (20,423,104) | (935,510) | 891,500 | (20,467,114) |
| Venue Improvements - Beach | (1,544,241) | 8,241 | (1,536,000) | (85,077) | 170,106 | (1,450,971) |
| Equipment and Vehicles - General Government | (1,502,329) | 28,433 | (1,473,896) | (175,703) | 194,387 | (1,455,212) |
| Equipment and Vehicles - Community Services | (7,189,439) | 169,915 | (7,019,524) | (1,043,892) | 469,191 | (7,594,225) |
| Equipment and Vehicles - Beach | (344,772) | 17,326 | (327,446) | (45,452) | 62,885 | (310,013) |
| Equipment and Vehicles - Internal Services | (189,522) | 13,272 | (176,250) | (12,561) | - | (188,811) |
| Total accumulated depreciation | (48,997,369) | 462,055 | (48,535,314) | (3,339,497) | 2,365,114 | (49,509,697) |
| Total capital assets being depreciated, net | 38,532,744 | (100,896) | 38,431,848 | 1,262,233 | (141,738) | 39,552,343 |
| Governmental Activities Capital Assets, net | \$ 58,797,647 | \$ (100,896) | \$ 58,696,751 | \$ 4,206,548 | \$ (4,121,066) | \$ 58,782,233 |

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2021:

| | Balance | | Adjusted Balance | | | Balance |
|---|----------------------|-----------------------|----------------------|---------------------|-----------------------|----------------------|
| | July 1, 2020 | Adjustment | July 1, 2020 | Increases | Decreases | June 30, 2021 |
| Business-Type Activities | | | | | | |
| Utility Capital assets not being depreciated | | | | | | |
| Land | \$ 6,715,544 | \$ - | 6,715,544 | \$ - | \$ - | \$ 6,715,544 |
| Construction in Progress | 1,607,772 | | 1,607,772 | 2,660,334 | (3,232,272) | 1,035,834 |
| Total utility capital assets, not being depreciated | 8,323,316 | - | 8,323,316 | 2,660,334 | (3,232,272) | 7,751,378 |
| Utility Capital assets, being depreciated | | | | | | |
| Buildings and structures | 15,596,832 | (52,728) | 15,544,104 | 634,779 | (219,130) | 15,959,753 |
| Service infrastructure | 114,599,557 | (3,729,726) | 110,869,831 | 2,736,487 | (506,012) | 113,100,306 |
| Equipment and vehicles | 3,882,229 | (20,096) | 3,862,133 | 253,793 | (318,564) | 3,797,362 |
| Total utility capital assets at historical cost | 134,078,618 | (3,802,550) | 130,276,068 | 3,625,059 | (1,043,706) | 132,857,421 |
| Less accumulated depreciation for: | | | | | | |
| Buildings and structures | (8,680,480) | 613,400 | (8,067,080) | (377,985) | 188,031 | (8,257,034) |
| Service infrastructure | (62,637,406) | (1,255,726) | (63,893,132) | (2,653,447) | 499,370 | (66,047,209) |
| Equipment and vehicles | (3,920,422) | 1,277,910 | (2,642,512) | (233,149) | 256,765 | (2,618,896) |
| Total accumulated depreciation | (75,238,308) | 635,584 | (74,602,724) | (3,264,581) | 944,166 | (76,923,139) |
| Total utility capital assets being depreciated, net | 58,840,310 | (3,166,966) | 55,673,344 | 360,478 | (99,540) | 55,934,282 |
| Business-Type Activities Capital Assets, net | \$ 67,163,626 | \$ (3,166,966) | \$ 63,996,660 | \$ 3,020,812 | \$ (3,331,812) | \$ 63,685,660 |

The District has a number of Construction in Progress projects open as of June 30, 2021. Beach includes \$1,376,704 for the Burnt Cedar Swimming Pool Remodel. The Utility Fund includes \$844,529 for the design phase of the Effluent Export Line that project will be ongoing through at least 2023. The District's primary building season is limited to May to October because of regulations from the Tahoe Regional Planning Agency. Most equipment purchases follow the budget and fiscal year cycle.

Depreciation expenses for the year ended June 30, 2021 was charged to functions as follows:

Governmental Activities:

| | |
|----------------------------|----------------------------|
| General Government | \$ 195,300 |
| Recreation | 2,916,601 |
| Beach | 215,035 |
| Internal Services | <u>12,561</u> |
| Total Depreciation Expense | <u><u>\$ 3,339,497</u></u> |

Business-Type Activities:

| | |
|------------------------------|----------------------------|
| Utility Fund Water and Sewer | <u><u>\$ 3,264,851</u></u> |
|------------------------------|----------------------------|

5. ACCRUED PERSONNEL COSTS

The General Fund processes and issues payments for all payroll and most related personnel and benefit costs for all funds of the District. At the time the expenses are incurred, each fund records its appropriate costs. As payments are made, the individual funds provide their share through the pooled cash. This process provides the General Fund with the necessary available financial resources to meet the District wide obligations.

Accruals for special payments, Health Reimbursement Accounts, Sick Leave at Retirement, Workers Compensation and Vacation can appear in individual funds, because they are recognized well in advance of the payment process. The General Fund also maintains any bank accounts specific for payment of benefits.

As a regular course of operations, the payroll including June 30th was paid July 9th. The employee benefits earned through June 30th are also funded in the following month. At any given point the District has an obligation to its employees for the value of vacation time earned and not taken. The obligation is measured by the value due as if the employee terminated. The District allows retiring employees with an excess of 20 years of service, and that have accrued sick leave, to have it converted to Medical Retiree Benefit for reimbursing post-employment health related costs. There are 4 eligible employees covered. The District has no other post-employment benefit obligations for health insurance or retirement benefits.

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

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

Accrued Personnel Costs as of June 30, 2021:

| Current Payroll Liabilities: | Governmental | Business-Type | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| Accrued Payroll | \$ 609,398 | \$ - | \$ 609,398 |
| Taxes Withheld | 156,036 | - | 156,036 |
| Accrued Benefits | 6,167 | - | 6,167 |
| Retirement Plan | 56,345 | - | 56,345 |
| Sick Leave Retirement Benefits | 141,486 | 149,939 | 291,425 |
| Accrued Vacation | 428,048 | 183,766 | 611,814 |
| Total Government-Wide | \$ 1,397,480 | \$ 333,705 | \$ 1,731,185 |

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

| | Balance | Provisions | | Balance |
|-----------------------------------|----------------------|------------------|-----------------|----------------------|
| <u>Select Benefit Liabilities</u> | <u>June 30, 2020</u> | <u>Additions</u> | <u>Payments</u> | <u>June 30, 2021</u> |
| Health Reimbursement Accts. | \$ 131,727 | \$ 46,148 | \$ 49,445 | \$ 128,430 |
| Sick Leave Retirement Benefit | 300,496 | 52,283 | 61,354 | 291,425 |
| Accrued Vacation | 602,313 | 846,239 | 836,738 | 611,814 |

6. UNEARNED REVENUE

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

| | <u>General</u> | Community Services <u>Special Rev.</u> | Beach <u>Special Rev.</u> | <u>Utility</u> | <u>Total</u> |
|-------------------------|----------------|--|------------------------------|------------------|--------------------|
| Billed in advance | \$ 41 | \$ 940,732 | \$ 53,311 | \$171,921 | \$1,166,005 |
| Unexpired season passes | - | 1,135,014 | - | - | 1,135,014 |
| Internal Gift Cards | - | <u>72,866</u> | <u>-</u> | <u>-</u> | <u>72,866</u> |
| Total | <u>\$ 41</u> | <u>\$2,148,612</u> | <u>\$ 53,311</u> | <u>\$171,921</u> | <u>\$2,373,885</u> |

7. INTERFUND ACCOUNTS AND TRANSFERS

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances settle monthly through pooled cash, and therefore there are no open balances as of June 30, 2021.

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

Gross Transfers reported on the financial statements as of June 30, 2021 are as follows:

| Fund Transfer Out: | Fund Transfer In: | | Total Out |
|---------------------------------------|--|-------------------|-------------------|
| | Community Services Capital Projects | | |
| Community Services Special Revenue | \$ 537,835 | \$ 537,835 | \$ 537,835 |
| | <u>\$ 537,835</u> | <u>\$ 537,835</u> | <u>\$ 537,835</u> |

8. 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, 2021:

| <u>Issue</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Amount Issued</u> | <u>Principal Outstanding</u> | <u>Current Portion</u> |
|--|-------------------|----------------------|----------------------|----------------------|------------------------------|-------------------------|
| Governmental Activities: | | | | | | |
| General Obligation Revenue Bonds Recreation | | | | | | |
| Recreation Facilities and Recreation | | | | | | |
| Refunding 2012 | 07/18/12 | 09/01/22 | 2.25% | 3,475,000 | <u>\$ 769,000</u> | <u>\$378,000</u> |
| Total Recreation Revenue Supported Debt | | | | | <u>\$ 769,000</u> | <u>\$378,000</u> |
| Business Type Activities Direct Borrowings and Direct Placements: | | | | | | |
| Utility | | | | | | |
| State of Nevada: | | | | | | |
| Sewer C32-0204 | 10/28/02 | 01/01/23 | 3.14% | \$1,720,380 | \$ 247,360 | \$121,751 |
| Water IVGID-1 | 09/09/04 | 07/01/25 | 3.08% | 1,687,282 | 474,138 | 99,798 |
| Sewer CS32-0404 (G.O.) | 08/01/06 | 01/01/26 | 2.73% | 3,000,000 | 963,978 | 202,553 |
| Water DW-1201 (G.O.) | 03/16/12 | 01/01/32 | 2.39% | 3,000,000 | <u>1,860,756</u> | <u>149,789</u> |
| Total Utility Revenue Supported Debt | | | | | <u>\$3,546,232</u> | <u>\$573,891</u> |
| Total Debt – All Activities | | | | | <u>\$4,315,232</u> | <u>\$951,891</u> |

Long-Term Debt changes for the year:

| | <u>Beginning Balance</u> | <u>New Issues</u> | <u>Principal Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|---------------------------|--------------------|-----------------------------|---------------------------|----------------------------|
| By Activity Type: | | | | | |
| Governmental: | | | | | |
| 2012 Recreation | \$1,137,000 | \$ - | \$368,000 | \$769,000 | \$378,000 |
| Bond discounts | <u>(5,315)</u> | <u>-</u> | <u>(3,358)</u> | <u>(1,957)</u> | <u>-</u> |
| Governmental type total | <u>\$ 1,131,685</u> | <u>-</u> | <u>364,642</u> | <u>767,043</u> | <u>\$378,000</u> |
| Business Type Direct Borrowings and Direct Placements: | | | | | |
| Sewer C32-0204 | 365,370 | - | 118,010 | 247,360 | 121,751 |
| Water IVGID-1 | 570,931 | - | 96,793 | 474,138 | 99,798 |
| Sewer CS32-0404 | 1,141,608 | - | 177,630 | 963,978 | 202,553 |
| Water DW-1201 | <u>2,007,029</u> | <u>-</u> | <u>146,273</u> | <u>1,860,756</u> | <u>149,789</u> |
| Business Type Total | <u>4,084,938</u> | <u>-</u> | <u>538,706</u> | <u>3,546,232</u> | <u>573,891</u> |
| Total Debt | <u>\$5,216,623</u> | <u>\$ -</u> | <u>\$903,348</u> | <u>\$4,313,275</u> | <u>\$951,891</u> |
| By Bond Type: | | | | | |
| General Obligation | \$4,280,322 | \$ - | \$688,547 | \$3,591,775 | \$730,342 |
| Revenue | <u>936,301</u> | <u>-</u> | <u>214,803</u> | <u>721,498</u> | <u>221,549</u> |
| Total Debt | <u>\$5,216,623</u> | <u>-</u> | <u>\$903,348</u> | <u>\$4,313,275</u> | <u>\$951,891</u> |

Future Debt Service Requirements as of June 30, 2021:

| Fiscal Year | Debt Supported by | | Debt Supported by | |
|-----------------------|------------------------|-------------------|---------------------------|------------------|
| | <u>Utility Revenue</u> | | <u>Recreation Revenue</u> | |
| <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 573,891 | \$ 89,291 | \$ 378,000 | \$ 13,050 |
| 2023 | 569,405 | 73,728 | 391,000 | 4,399 |
| 2024 | 455,827 | 58,730 | - | - |
| 2025 | 468,183 | 46,373 | - | - |
| 2026 | 424,055 | 33,677 | - | - |
| 2027 to 2031 | 884,959 | 81,900 | - | - |
| 2032 | <u>189,960</u> | <u>3,412</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$3,566,280</u> | <u>\$ 387,112</u> | <u>\$ 769,000</u> | <u>\$ 17,449</u> |

At June 30, 2021, principal and interest to maturity to be paid from pledged future Utility Revenues totals \$3,933,382 and \$786,449 paid from future pledged Recreation Revenues.

9. DEFERRED INFLOW OF RESOURCES

The District has been awarded FEMA/Nevada Department of Emergency Management grants for 2017 damage to the Diamond Peak Maintenance Building for \$38,643 and a portion of the culvert for \$331,019. These amounts are deferred at the fund level, because they were not collected within the available period.

10. CAPITAL GRANTS

This year the District received \$88,505 for the Incline Park Facility Renovation Project from the Incline-Tahoe Foundation.

11. DISTRICT RETIREMENT BENEFIT PLANS

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

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

The Pension Trust Fund for Operating Engineers is a cost sharing, multiple employer, defined benefit plan contract between the District's employees and the Operating Engineers Union. The plan provides

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

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

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

| <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> |
|--------------------|------------------------------|----------------------------|-----------------------------|-----------------------------|
| 2021 | \$1,010,059 | \$ 45,900 | \$ 401,126 | \$ 580,355 |

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.

12. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

Insurance Coverage on June 30, 2021 consists of the following:

| <u>Type</u> | <u>Carrier/Provider</u> | <u>Amount</u> |
|---|------------------------------|----------------|
| 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.

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> |
|--------|--------------------------|------------------|------------------|--------------------|
| FY2020 | \$ - | \$1,359,757 | \$ - | \$1,359,757 |
| FY2021 | 1,359,757 | - | - | 1,359,757 |

14. RESTRICTED FUNDS

The General Fund reflects a restriction of \$1,359,736 to reflect the District's obligation under the terms of settlement of the property tax dispute filed against Washoe County et al, Nevada State Board of Equalization and the Department of Taxation by the Village League to Save Incline Assets, Inc. As the terms of the settlement are finalized, this amount is recorded as a liability at June 30, 2021 in the government-wide Statement of Net Position.

15. COMMITTED FUNDS

As of July 1, 2015, the Board of Trustees established Special Revenue, Capital Project and Debt Service funds for District Community Services and Beach activities. Based on governmental accounting standards the fund balance for the Special Revenue funds are committed for the purpose of recreation privileges utilizing the assessed facility fee. Furthermore, fund balances within the Community Services Capital Fund and Beach Capital Fund are further committed for the purpose of future planned capital improvement projects. These funds generally represent revenues collected through the Recreation and Beach Facility fees allocated specifically to capital projects.

16. 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, an additional \$1,889,210 in unexpended FY2020/21 appropriations are designated for this project. When combined with an additional \$754,568 in accrued interest earnings, the total funding intended to be “restricted” by the Board of Trustees for the Effluent Export Pipeline Project amounts to \$14,213,435. 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.

17. LEASE OBLIGATIONS

Revenue:

Miscellaneous revenue includes rent received for cell towers on District property. Under an agreement with American Tower, \$21,305 was paid for a tower at the Mountain Golf Course. The current five-year term is from April 2017 and ends in 2022, with the option for extensions every five years through 2037, cancelable by either party. Rent increases 3% per year. Under an agreement with AT&T \$20,159 was paid for a tower at the Mountain Golf Course. The current five-year term is from October 2015 and ends in 2020, with automatic extensions every five years, through 2035, cancelable by the tenant. Rent increases 3% per year. Under an agreement with AT&T \$6,400 was paid for a tower at Diamond Peak Ski Resort. The current five-year term is from July 2018 ends in 2023, with extensions every five years, cancelable by the tenant, through 2038. Rent increases 3.5% per year. Revenue in the amount of \$11,197 was also received from T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort. Its term is June 2017 to 2022 with one option to renew for 5 years.

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

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

| | American Tower Lease | AT&T | AT&T | T-Mobile | Parasol Foundation | Reno-Sparks Convention and |
|--------|-------------------------|-----------|-----------|-----------|-----------------------|-------------------------------|
| FY2022 | \$ 21,945 | \$ 20,764 | \$ 68,724 | \$ 11,384 | 1 | \$ 1 |
| FY2023 | | 21,386 | 71,130 | | 1 | 1 |
| FY2024 | | 22,028 | | | 1 | 1 |
| FY2025 | | 22,689 | | | 1 | 1 |
| FY2026 | | | | | 1 | 1 |
| FY2027 | | | | | 1 | 1 |
| FY2028 | | | | | 1 | 1 |
| FY2029 | | | | | 1 | 1 |

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 fee amount for the fiscal year ending June 30, 2021 was calculated at \$57,237.

18. DUE TO OTHER GOVERNMENTS

The District collects money for boat inspections performed by the Tahoe Regional Planning Agency. The balance owed at the end of the year was \$15,126.

19. COMMUNITY SERVICES AND BEACH SPECIAL REVENUE FUNDS

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

| | Charges for Services | Paid with Punch Cards |
|---------------------------|-------------------------|--------------------------|
| Community Services Fund: | | |
| Championship Golf | \$ 3,214,950 | \$ 25,180 |
| Mountain Golf | 809,745 | 5,289 |
| Facilities | 790,683 | - |
| Ski | 10,206,918 | 139,727 |
| Community Programming | 1,014,837 | 26,555 |
| Parks | 22,350 | - |
| Tennis | 156,631 | 93 |
| Recreation Administration | <u>(123,602)</u> | <u>-</u> |
| Total | <u>\$16,092,512</u> | <u>\$ 196,844</u> |
| Beach Fund | <u>\$ 839,405</u> | <u>\$ 616,419</u> |
| District Total | <u>\$16,931,917</u> | <u>\$ 813,263</u> |

20. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$413,000 for calendar year 2021 services. As of June 30, 2021, \$206,500 in quarterly deposits are remaining as a part of the subsequent year's budget.

Capital Improvement Project Budget Carryover:

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

| | |
|-------------------------|-----------|
| General Fund | \$ 66,947 |
| Utility Fund | 3,341,387 |
| Community Services Fund | 2,110,924 |
| Beach Fund | 453,019 |

Budgeting for the Fiscal Year Ending June 30, 2022:

The District’s budgeting for the fiscal year ending June 30, 2022 anticipates a reduction in Fund Balance and Net Position caused by completion of capital projects. The identified reductions include; General Fund by \$217,063 including implementation of a new Human Resources Management and Payroll System; Community Services reduction of \$3,757,491 (including \$550,000 for the Mountain Golf Course Path Replacement Project, \$800,000 for the Recreation Center Locker Room Improvement Project). The Beach Fund has a reduction of \$2,066,683 related to renovation of the Burnt Cedar Pool as well as Incline Beach Facility Improvements. The Utility Fund capital plan anticipates a draw-down in Net Position primarily due to advancing the Effluent Export Pipeline Project.

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

| Contractor | Project | Contract Amount | Completed (6/30/21) | Remaining Amount |
|------------------------|----------------------|-----------------|---------------------|------------------|
| CORE West, Inc | Burnt Cedar Pool Imp | \$3,845,865 | \$773,143 | \$3,072,722 |
| Avail Enterprises, LLC | Rec Center Lobby | 159,832 | - | 159,832 |
| Ward-Young Architects | Rec Center Lobby | 39,724 | 16,237 | 20,487 |
| Granit Construction | Effluent Pipeline | 369,218 | 25,618 | 343,600 |

21. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District’s estimated share of abatements for this fiscal year is \$41,360.

22. PRIOR PERIOD ADJUSTMENT

The Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance has three prior period adjustments. The first is a transfer between the Community Services Special Revenue Fund and the Community Services Capital Projects Fund that was reported in the prior year \$1,637,400 lower than the entry in the financial reports. The second adjustment is for the \$243,512 that was reported as unavailable revenue but should have been recorded as revenue when received in prior years. There were several assets capitalized in prior years that the auditors determined should not have been capitalized. The total affect to the financial reports was \$3,267,861. \$3,166,966 was in the Utilities fund, including \$3,100,110 of the Effluent Pipeline project that was written off. Governmental activities had \$100,895 in book value of assets written off as a prior period adjustment.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**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> | |
| | 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 |
| | 2013 | 5 | 377,293 | 46,407 |
| | 2012 | 7 | 395,512 | 48,648 |

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 - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------------|---------------------|---------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 1,770,000 | \$ 1,770,000 | \$ 1,760,049 | \$ (9,951) |
| Personal Property Tax | 12,000 | 12,000 | 52,909 | 40,909 |
| Intergovernmental: | | | | |
| Consolidated Tax | 1,407,000 | 1,407,000 | 1,629,192 | 222,192 |
| Local Government Tax Act | 249,000 | 249,000 | 259,256 | 10,256 |
| Investment income | 131,400 | 131,400 | 68,489 | (62,911) |
| Miscellaneous | 2,400 | 2,400 | 253,315 | 250,915 |
| Central Services Revenue | 1,471,440 | - | - | - |
| Total revenues | <u>5,043,240</u> | <u>3,571,800</u> | <u>4,023,210</u> | <u>451,410</u> |
| EXPENDITURES | | | | |
| General Government - All Functions: | | | | |
| Function Summary (see next page) | <u>5,170,249</u> | <u>3,698,811</u> | <u>2,922,799</u> | <u>776,012</u> |
| Total expenditures | <u>5,170,249</u> | <u>3,698,811</u> | <u>2,922,799</u> | <u>776,012</u> |
| Excess (deficiency) of revenues over expenditures | <u>(127,009)</u> | <u>(127,011)</u> | <u>1,100,411</u> | <u>1,227,422</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contingency | - | 300,000 | - | (300,000) |
| Net change in fund balance | <u>(127,009)</u> | <u>172,989</u> | <u>1,100,411</u> | <u>927,422</u> |
| Fund Balance, July 1 | <u>4,630,149</u> | <u>4,630,149</u> | <u>4,630,149</u> | <u>-</u> |
| Fund balance, June 30 | <u>\$ 4,503,140</u> | <u>\$ 4,803,138</u> | <u>\$ 5,730,560</u> | <u>\$ 927,422</u> |

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 - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------|
| | Original | Final | | |
| EXPENDITURES | | | | |
| General Government: | | | | |
| General Administration | | | | |
| Salaries and Wages | \$ 29,967 | \$ 29,967 | \$ 101,209 | \$ (71,242) |
| Employee Benefits | 20,311 | 20,311 | 21,329 | (1,018) |
| Services and Supplies | 479,718 | 479,718 | 442,712 | 37,006 |
| Capital Outlay | 650,150 | 650,150 | 92,485 | 557,665 |
| Subtotal General Administration | <u>1,180,146</u> | <u>1,180,146</u> | <u>657,735</u> | <u>522,411</u> |
| General Manager | | | | |
| Salaries and Wages | 265,714 | 265,714 | 260,346 | 5,368 |
| Employee Benefits | 115,751 | 115,752 | 118,331 | (2,579) |
| Services and Supplies | 56,340 | 56,340 | 18,879 | 37,461 |
| Subtotal General Manager | <u>437,805</u> | <u>437,806</u> | <u>397,556</u> | <u>40,250</u> |
| Trustees | | | | |
| Salaries and Wages | 106,114 | 106,114 | 105,084 | 1,030 |
| Employee Benefits | 32,904 | 32,904 | 33,542 | (638) |
| Services and Supplies | 77,000 | 77,000 | 5,096 | 71,904 |
| Subtotal Trustees | <u>216,018</u> | <u>216,018</u> | <u>143,722</u> | <u>72,296</u> |
| Accounting | | | | |
| Salaries and Wages | 611,635 | 611,635 | 550,351 | 61,284 |
| Employee Benefits | 323,754 | 323,754 | 253,759 | 69,995 |
| Services and Supplies | 77,636 | 77,636 | 56,836 | 20,800 |
| Central Services (Expenditure Offset) | - | (555,417) | (536,345) | (19,072) |
| Subtotal Accounting | <u>1,013,025</u> | <u>457,608</u> | <u>324,601</u> | <u>133,007</u> |
| Information Services | | | | |
| Salaries and Wages | 409,070 | 409,070 | 421,640 | (12,570) |
| Employee Benefits | 246,800 | 246,800 | 206,407 | 40,393 |
| Services and Supplies | 360,817 | 360,817 | 312,877 | 47,940 |
| Capital Outlay | - | - | 36,040 | (36,040) |
| Subtotal Information Services | <u>1,016,687</u> | <u>1,016,687</u> | <u>976,964</u> | <u>39,723</u> |
| Human Resources | | | | |
| Salaries and Wages | 551,976 | 551,976 | 503,561 | 48,415 |
| Employee Benefits | 304,561 | 304,561 | 265,873 | 38,688 |
| Services and Supplies | 129,196 | 129,197 | 32,968 | 96,229 |
| Central Services (Expenditure Offset) | - | (916,023) | (799,403) | (116,620) |
| Capital Outlay | - | - | 237,353 | (237,353) |
| Subtotal Human Resources | <u>985,733</u> | <u>69,711</u> | <u>240,352</u> | <u>(170,641)</u> |
| Health and Wellness | | | | |
| Salaries and Wages | 14,936 | 14,936 | 10,870 | 4,066 |
| Employee Benefits | 6,235 | 6,235 | 4,377 | 1,858 |
| Services and Supplies | 21,475 | 21,475 | 971 | 20,504 |
| Subtotal Health and Wellness | <u>42,646</u> | <u>42,646</u> | <u>16,218</u> | <u>26,428</u> |
| Community & Employee Relations | | | | |
| Salaries and Wages | 91,868 | 91,868 | 94,665 | (2,797) |
| Employee Benefits | 54,803 | 54,803 | 54,106 | 697 |
| Services and Supplies | 131,518 | 131,518 | 16,880 | 114,638 |
| Subtotal Comm. Relations | <u>278,189</u> | <u>278,189</u> | <u>165,651</u> | <u>112,538</u> |
| Function Subtotal | <u>\$ 5,170,249</u> | <u>\$ 3,698,811</u> | <u>\$ 2,922,799</u> | <u>\$ 776,012</u> |

See notes to required supplementary information

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

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

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

See notes to required supplementary information

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

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

See notes to required supplementary information

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

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|---------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for Services | \$ 831,955 | \$ 831,955 | \$ 839,405 | \$ 7,450 |
| Facility Fees | 658,580 | 658,580 | 648,974 | (9,606) |
| Investment Earnings | 11,250 | 11,250 | 635 | (10,615) |
| Total revenues | <u>1,501,785</u> | <u>1,501,785</u> | <u>1,489,014</u> | <u>(12,771)</u> |
| EXPENDITURES | | | | |
| Salaries and Wages | 810,930 | 810,930 | 800,751 | 10,179 |
| Employee Benefits | 221,093 | 221,093 | 198,994 | 22,099 |
| Services and Supplies | 874,276 | 874,276 | 700,677 | 173,599 |
| Total expenditures | <u>1,906,299</u> | <u>1,906,299</u> | <u>1,700,422</u> | <u>205,877</u> |
| Excess (deficiency) of revenues over expenditures | (404,514) | (404,514) | (211,408) | 193,106 |
| Net change in fund balance | <u>(404,514)</u> | <u>(404,514)</u> | <u>(211,408)</u> | <u>193,106</u> |
| Fund Balance, July 1 | <u>2,591,632</u> | <u>2,591,632</u> | <u>2,591,632</u> | - |
| Fund balance, June 30 | <u>\$ 2,187,118</u> | <u>\$ 2,187,118</u> | <u>\$ 2,380,224</u> | <u>\$ 193,106</u> |

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

See notes to required supplementary information

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - JUNE 30, 2021

The Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Budgetary Basis) presented on the following pages provides a comparison of the original and final legally adopted budget with actual data on a budgetary basis. The original budget and related estimated revenues represent the spending authority approved by the board of trustees on May 27, 2020. Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “final budget” column. The final legal budget also reflects encumbrances and multi-year projects budgetary carry-forwards from the prior fiscal year. The previous schedules represent the Budgetary Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund and major Services Special Revenue Funds.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**SUPPLEMENTARY
INFORMATION**

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

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|--------------|--------------|----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Sales of Assets and Intangibles | \$ - | \$ - | \$ 1,500 | \$ 1,500 |
| Facility Fees | 533,195 | 533,195 | 536,571 | 3,376 |
| Capital Grants | - | - | 88,505 | 88,505 |
| Total revenues | 533,195 | 533,195 | 626,576 | 93,381 |
| EXPENDITURES | | | | |
| Championship Golf | 1,653,827 | 1,653,381 | 860,893 | 792,488 |
| Mountain Golf | 347,380 | 347,380 | 127,365 | 220,015 |
| Facilities | 100,000 | 100,000 | 23,762 | 76,238 |
| Ski | 2,263,864 | 2,262,504 | 439,610 | 1,822,894 |
| Community Programming | 455,000 | 531,756 | 340,112 | 191,644 |
| Parks | 172,440 | 215,503 | 236,472 | (20,969) |
| Tennis | 1,045,230 | 1,045,230 | 872,040 | 173,190 |
| Comm. Serv. Administration | 90,000 | 90,000 | 7,000 | 83,000 |
| Total expenditures | 6,127,741 | 6,245,754 | 2,907,254 | 3,338,500 |
| Excess (deficiency) of revenues over expenditures | (5,594,546) | (5,712,559) | (2,280,678) | 3,431,881 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | 5,594,546 | 5,594,546 | 537,835 | (5,056,711) |
| Transfers Out | - | - | - | - |
| Total other financing sources | 5,594,546 | 5,594,546 | 537,835 | (5,056,711) |
| Net change in fund balance | - | (118,013) | (1,742,843) | (1,624,830) |
| Fund Balance, July 1, as reported | - | - | - | - |
| Prior period adjustment | 1,637,400 | 1,637,400 | 1,637,400 | - |
| Fund balance, July 1 as adjusted | 1,637,400 | 1,637,400 | 1,637,400 | - |
| Fund balance, June 30 | \$ 1,637,400 | \$ 1,519,387 | \$ (105,443) | \$ (1,624,830) |

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

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

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|---------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Facility Fees | \$ 3,207,672 | \$ 3,207,672 | \$ 3,196,016 | \$ (11,656) |
| Total revenues | <u>3,207,672</u> | <u>3,207,672</u> | <u>3,196,016</u> | <u>(11,656)</u> |
| EXPENDITURES | | | | |
| Beach | | | | |
| Total expenditures | <u>454,500</u> | <u>1,712,789</u> | <u>1,245,205</u> | <u>467,584</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,753,172</u> | <u>1,494,883</u> | <u>1,950,811</u> | <u>455,928</u> |
| Net change in fund balance | 2,753,172 | 1,494,883 | 1,950,811 | 455,928 |
| Fund Balance, July 1 | - | - | - | - |
| Fund balance, June 30 | <u>\$ 2,753,172</u> | <u>\$ 1,494,883</u> | <u>\$ 1,950,811</u> | <u>\$ 455,928</u> |

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

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

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|------------------|------------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Facility Fees | \$ 410,150 | \$ 410,150 | \$ 412,748 | \$ 2,598 |
| Total revenues | <u>410,150</u> | <u>410,150</u> | <u>412,748</u> | <u>2,598</u> |
| EXPENDITURES | | | | |
| Community Services - GO Revenue Supported | | | | |
| Principal | 362,075 | 362,075 | 362,075 | - |
| Interest | 21,097 | 21,097 | 21,097 | - |
| Total expenditures | <u>383,172</u> | <u>383,172</u> | <u>383,172</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>26,978</u> | <u>26,978</u> | <u>29,576</u> | <u>2,598</u> |
| Net change in fund balance | 26,978 | 26,978 | 29,576 | 2,598 |
| Fund Balance, July 1 | - | - | - | - |
| Fund balance, June 30 | <u>\$ 26,978</u> | <u>\$ 26,978</u> | <u>\$ 29,576</u> | <u>\$ 2,598</u> |

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

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

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|-----------------|-----------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Facility Fees | \$ 7,748 | \$ 7,748 | \$ 7,720 | \$ (28) |
| Total revenues | <u>7,748</u> | <u>7,748</u> | <u>7,720</u> | <u>(28)</u> |
| EXPENDITURES | | | | |
| Beach | | | | |
| Principal | 5,925 | 5,925 | 5,925 | - |
| Interest | 345 | 345 | 345 | - |
| Total expenditures | <u>6,270</u> | <u>6,270</u> | <u>6,270</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | (6,270) | (6,270) | (6,270) | - |
| Net change in fund balance | 1,478 | 1,478 | 1,450 | (28) |
| Fund Balance, July 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, June 30 | <u>\$ 1,478</u> | <u>\$ 1,478</u> | <u>\$ 1,450</u> | <u>\$ (28)</u> |

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

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**STATISTICAL SECTION
(UNAUDITED)**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**District-wide Net Position, based on Statement of Net Position
Last Ten Fiscal Years - (unaudited)**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental Activities | | | | | | | | | | |
| Net invested in capital assets | \$ 58,015,190 | \$ 57,665,962 | \$ 56,147,092 | \$ 52,880,021 | \$ 50,729,901 | \$ 48,555,965 | \$ 47,729,659 | \$ 44,322,574 | \$ 42,560,434 | \$ 40,313,677 |
| Restricted | 142,727 | 142,135 | 136,993 | 183,037 | 180,564 | 178,426 | 187,825 | 246,604 | 270,359 | 955,415 |
| Unrestricted | 24,788,140 | 21,457,789 | 19,371,388 | 18,130,708 | 16,887,487 | 13,973,745 | 9,114,898 | 10,106,521 | 9,434,133 | 6,473,085 |
| Total governmental activities net position | \$ 82,946,057 | \$ 79,265,886 | \$ 75,655,473 | \$ 71,193,766 | \$ 67,797,952 | \$ 62,708,136 | \$ 57,032,382 | \$ 54,675,699 | \$ 52,264,926 | \$ 47,742,177 |
| Business-type activities | | | | | | | | | | |
| Net invested in capital assets | \$ 60,139,428 | \$ 63,202,365 | \$ 64,549,358 | \$ 64,377,397 | \$ 59,817,845 | \$ 57,974,014 | \$ 57,365,832 | \$ 56,875,962 | \$ 56,144,425 | \$ 56,598,673 |
| Restricted | 324,306 | 322,895 | 316,611 | 309,344 | 305,022 | 226,208 | 225,435 | 225,185 | 224,951 | 226,777 |
| Unrestricted | 16,521,859 | 15,172,503 | 12,442,309 | 9,971,293 | 12,536,210 | 12,026,276 | 11,228,881 | 10,113,847 | 9,197,509 | 5,554,147 |
| Total business-type activities net position | \$ 76,985,593 | \$ 78,697,763 | \$ 77,308,278 | \$ 74,658,034 | \$ 72,659,077 | \$ 70,226,498 | \$ 68,820,148 | \$ 67,214,994 | \$ 65,566,885 | \$ 62,379,597 |
| Primary government | | | | | | | | | | |
| Net invested in capital assets | \$ 118,154,618 | \$ 120,868,327 | \$ 120,696,450 | \$ 117,257,418 | \$ 110,547,746 | \$ 106,529,979 | \$ 105,095,491 | \$ 101,198,536 | \$ 98,704,859 | \$ 96,912,350 |
| Restricted | 467,033 | 465,030 | 453,604 | 492,381 | 485,586 | 404,634 | 413,260 | 471,789 | 495,310 | 1,182,192 |
| Unrestricted | 41,309,999 | 36,630,292 | 31,813,697 | 28,102,001 | 29,423,697 | 26,000,021 | 20,343,779 | 20,220,368 | 18,631,642 | 12,027,232 |
| Total primary government net position | \$ 159,931,650 | \$ 157,963,649 | \$ 152,963,751 | \$ 145,851,800 | \$ 140,457,029 | \$ 132,934,634 | \$ 125,852,530 | \$ 121,890,693 | \$ 117,831,811 | \$ 110,121,774 |

Source: District Comprehensive Annual Financial Report Government-wide Statement of Net Position, restated to align classifications for all years to governmental activities. 2018 is restated for Prior Period Adjustment

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**District-wide Changes in Net Position, based on Statement of Activities
Last Ten Fiscal Years - (unaudited)**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,887,892 | \$ 4,098,969 | \$ 4,194,237 | \$ 3,828,917 | \$ 3,814,458 | \$ 3,672,661 | \$ 3,220,478 | \$ 3,189,596 | \$ 2,929,928 | \$ 3,265,830 |
| Community Services | 19,012,462 | 19,567,351 | 20,310,745 | 18,947,246 | 18,599,633 | 17,237,889 | 15,359,833 | 15,036,116 | 14,704,572 | 14,936,896 |
| Beach | 2,151,734 | 2,010,175 | 2,141,695 | 1,848,969 | 1,802,103 | 1,689,472 | 1,517,855 | 1,363,778 | 1,144,073 | 1,145,077 |
| Internal services | - | - | 3,306,507 | 3,053,400 | 2,947,302 | 2,972,060 | 2,503,958 | 2,267,111 | 1,792,260 | 1,949,861 |
| Interest on long-term debt | 18,671 | 29,643 | 35,017 | 97,083 | 160,366 | 205,263 | 201,882 | 252,324 | 371,938 | 476,635 |
| Total governmental activities expenses | 24,070,759 | 25,706,138 | 29,988,201 | 27,775,615 | 27,323,862 | 25,777,345 | 22,804,006 | 22,108,925 | 20,942,771 | 21,774,299 |
| Business-type activities: | | | | | | | | | | |
| Utilities | 11,352,888 | 11,495,874 | 10,428,137 | 10,113,371 | 9,729,775 | 9,781,165 | 9,442,666 | 9,029,675 | 8,480,954 | 8,404,350 |
| Interest on long-term debt | 96,914 | - | 126,351 | 140,463 | 154,186 | 167,530 | 180,505 | 193,123 | 186,608 | 178,631 |
| Total business-type activities expenses | 11,449,802 | 11,495,874 | 10,554,488 | 10,253,834 | 9,883,961 | 9,948,695 | 9,623,171 | 9,222,798 | 8,667,562 | 8,582,981 |
| Total primary government expenses | 35,520,561 | 37,202,012 | 40,542,689 | 38,029,449 | 37,207,823 | 35,726,040 | 32,427,177 | 31,331,723 | 29,610,333 | 30,357,280 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Central Services Costs (& equivalent pre-2012) | - | - | 1,169,400 | 1,094,000 | 1,177,200 | 1,123,000 | 1,101,000 | 1,068,996 | 1,000,200 | 1,074,000 |
| Charges for services | | | | | | | | | | |
| Community Services | 16,221,278 | 15,597,229 | 17,765,644 | 14,743,788 | 16,820,165 | 15,596,222 | 10,485,799 | 10,634,172 | 10,900,298 | 10,435,232 |
| Beach | 839,405 | 1,619,582 | 1,492,687 | 1,266,613 | 1,065,015 | 1,002,518 | 989,602 | 1,032,621 | 980,240 | 568,277 |
| Operating and Capital Grants | 107,093 | 1,654,399 | - | - | - | - | - | - | - | - |
| Internal Services | - | - | 3,304,862 | 3,190,849 | 3,114,747 | 2,935,521 | 2,560,122 | 2,280,296 | 2,045,412 | 1,891,200 |
| Total governmental activities revenues | 17,167,776 | 18,871,210 | 23,732,593 | 20,295,250 | 22,177,127 | 20,657,261 | 15,136,523 | 15,016,085 | 14,926,150 | 13,968,709 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Utilities | 12,831,060 | 12,564,466 | 12,785,742 | 11,925,557 | 11,813,169 | 11,158,119 | 10,851,123 | 10,434,118 | 9,767,475 | 9,127,955 |
| Operating Grants and Contributions | 39,857 | - | 1,440 | - | - | - | - | - | - | - |
| Total business-type activities revenue | 12,870,917 | 12,564,466 | 12,787,182 | 11,925,557 | 11,813,169 | 11,158,119 | 10,851,123 | 10,434,118 | 9,767,475 | 9,127,955 |
| Total primary government revenue | 30,038,693 | 31,435,676 | 36,519,775 | 32,220,807 | 33,990,296 | 31,815,380 | 25,987,646 | 25,450,203 | 24,693,625 | 23,096,664 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (6,902,983) | (6,834,928) | (6,255,608) | (7,480,365) | (5,146,735) | (5,120,084) | (7,667,483) | (7,092,840) | (6,016,621) | (7,805,590) |
| Business-type activities | 1,421,115 | 1,068,592 | 2,232,694 | 1,671,723 | 1,929,208 | 1,209,424 | 1,227,952 | 1,211,320 | 1,099,913 | 544,974 |
| Total primary government net (expense)/revenue | (5,481,868) | (5,766,336) | (4,022,914) | (5,808,642) | (3,217,527) | (3,910,660) | (6,439,531) | (5,881,520) | (4,916,708) | (7,260,616) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | 1,812,958 | 1,722,896 | 1,622,486 | 1,546,575 | 1,476,148 | 1,498,519 | 1,377,337 | 1,293,676 | 1,307,715 | 1,325,436 |
| Combined taxes | 1,888,448 | 1,719,933 | 1,690,222 | 1,637,250 | 1,484,830 | 1,487,986 | 1,369,950 | 1,277,567 | 1,205,091 | 1,106,183 |
| Facility Fees - Community Services | 2,684,931 | 5,774,067 | 5,787,078 | 5,799,206 | 5,973,914 | 5,995,248 | 6,018,616 | 6,024,564 | 5,962,384 | 5,919,707 |
| Facility Fees- Beach | 3,852,710 | 966,817 | 969,332 | 972,316 | 775,337 | 777,574 | 778,149 | 780,716 | 775,102 | 899,565 |
| Investment earnings | 73,594 | 587,208 | 563,685 | 175,122 | 83,842 | 150,795 | 124,306 | 103,106 | 88,116 | 193,562 |
| Miscellaneous | 127,897 | 384,429 | 204,245 | 190,578 | 310,425 | 299,355 | 120,134 | 170,981 | 63,692 | 127,338 |
| Grants and contributions | - | - | 267 | 558,128 | 132,055 | 586,361 | 235,674 | (407) | 1,137,270 | 1,369,936 |
| Transfers | - | (45,000) | (120,000) | - | - | - | - | - | - | - |
| Accounting Adjustments | - | - | - | - | - | - | - | (146,589) | - | - |
| Total governmental activities other changes | 10,440,538 | 11,110,350 | 10,717,315 | 10,879,175 | 10,236,551 | 10,795,838 | 10,024,166 | 9,503,614 | 10,539,370 | 10,941,727 |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 33,681 | 298,225 | 282,484 | 77,280 | 60,132 | 154,162 | 81,996 | 61,007 | 55,666 | 86,010 |
| Capital Grants and contributions | - | - | - | 199,934 | 425,509 | - | 329,705 | 461,994 | 2,013,853 | 912,933 |
| Miscellaneous | - | (22,332) | 15,066 | 50,020 | 17,730 | 42,764 | (34,499) | (4,712) | 17,856 | 381 |
| Transfers | - | 45,000 | 120,000 | - | - | - | - | - | - | - |
| Accounting Adjustments | - | - | - | - | - | - | - | (81,501) | - | - |
| Total business-type activities other changes | 33,681 | 320,893 | 417,550 | 327,234 | 503,371 | 196,926 | 377,202 | 436,788 | 2,087,375 | 999,324 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 3,537,555 | 4,275,422 | 4,461,707 | 3,398,810 | 5,089,816 | 5,675,754 | 2,356,683 | 2,410,774 | 4,522,749 | 3,136,137 |
| Business-type activities | 1,454,796 | 1,389,485 | 2,650,244 | 1,998,957 | 2,432,579 | 1,406,350 | 1,605,154 | 1,648,108 | 3,187,288 | 1,544,298 |
| Total primary government | \$ 4,992,351 | \$ 5,664,907 | \$ 7,111,951 | \$ 5,397,767 | \$ 7,522,395 | \$ 7,082,104 | \$ 3,961,837 | \$ 4,058,882 | \$ 7,710,037 | \$ 4,680,435 |

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Fund Balances of Governmental Funds Last Ten Fiscal Years (unaudited)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Non-spendable | \$ 582,459 | \$ 159,611 | \$ 196,742 | \$ 224,707 | \$ 213,462 | \$ 268,005 | \$ 218,623 | \$ 237,021 | \$ 191,780 | \$ 174,157 |
| Restricted | 1,359,736 | 1,359,737 | - | - | - | - | - | - | - | 52,000 |
| Committed | - | - | - | - | - | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Unassigned | 3,788,365 | 3,110,801 | 3,568,844 | 3,098,079 | 1,648,787 | 1,151,988 | 882,664 | 754,000 | 294,887 | 357,734 |
| Total General Fund | \$ 5,730,560 | \$ 4,630,149 | \$ 3,765,586 | \$ 3,322,786 | \$ 1,862,249 | \$ 1,819,993 | \$ 1,501,287 | \$ 1,391,021 | \$ 886,667 | \$ 983,891 |
| | | | | | | | | | | |
| Community Services | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | |
| Non-spendable | \$ 617,076 | \$ 503,176 | \$ 936,311 | \$ 868,600 | \$ 878,949 | \$ 751,640 | \$ 660,409 | \$ 658,053 | \$ 705,131 | \$ 685,798 |
| Restricted | 141,727 | 141,135 | 135,993 | 78,157 | 77,136 | 76,674 | 86,421 | 86,332 | 87,261 | 101,617 |
| Committed | 15,207,996 | 14,636,603 | - | - | - | - | - | - | - | - |
| Assigned - operations | - | - | 12,261,649 | 9,053,712 | 9,364,056 | 7,026,514 | 4,610,925 | 5,279,561 | 5,275,226 | 3,949,021 |
| Capital Projects - Committed | (105,443) | - | - | 2,327,477 | 2,423,806 | 2,061,541 | - | - | - | - |
| Debt Service - Committed | 29,576 | - | - | 51,553 | 27,394 | 2,111 | - | - | - | - |
| Total Comm. Services | \$ 15,890,932 | \$ 15,280,914 | \$ 13,333,953 | \$ 12,379,499 | \$ 12,771,341 | \$ 9,918,480 | \$ 5,357,755 | \$ 6,023,946 | \$ 6,067,618 | \$ 4,736,436 |
| | | | | | | | | | | |
| Beach | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | |
| Non-spendable | \$ - | \$ - | \$ 34,532 | \$ 47,075 | \$ 30,328 | \$ 19,614 | \$ 23,520 | \$ 19,328 | \$ 17,222 | \$ 18,265 |
| Restricted | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | - | - | - | - | - |
| Committed | 2,379,224 | 2,590,632 | - | - | - | - | - | - | - | - |
| Assigned - operations | - | - | 1,774,846 | 1,330,016 | 1,038,909 | 1,040,136 | 1,084,266 | 1,652,877 | 1,514,417 | 1,467,463 |
| Capital Projects - Committed | 1,950,811 | - | - | 85,740 | 5,155 | 20,379 | - | - | - | - |
| Debt Service - Committed | 1,450 | - | - | 4,606 | 3,104 | 1,572 | - | - | - | - |
| Total Beach | \$ 4,332,485 | \$ 2,591,632 | \$ 1,810,378 | \$ 1,468,437 | \$ 1,078,496 | \$ 1,081,701 | \$ 1,107,786 | \$ 1,672,205 | \$ 1,531,639 | \$ 1,485,728 |

Board of Trustee action to create the Special Revenue, Capital Project and Debt Service Funds was effective July 1, 2016, and thus start the separate commitments and assignments.

2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years ended June 30 (unaudited)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-------------------|---------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 3,701,406 | \$ 3,478,074 | \$ 3,323,633 | \$ 3,174,544 | \$ 2,960,847 | \$ 2,984,992 | \$ 2,747,287 | \$ 2,571,243 | \$ 2,512,806 | \$ 2,431,619 |
| Charges for Services | 17,062,123 | 17,105,010 | 19,241,331 | 15,993,401 | 17,886,620 | 16,598,740 | 11,458,401 | 11,560,555 | 11,783,415 | 10,925,809 |
| Facility Fees | 6,537,641 | 6,740,884 | 6,797,896 | 6,737,396 | 6,754,489 | 6,760,224 | 6,796,765 | 6,805,280 | 6,737,486 | 6,819,272 |
| Central Services Charges | - | - | 1,169,400 | 1,094,000 | 1,177,200 | 1,123,000 | 1,101,000 | 1,068,996 | 1,000,200 | 1,074,000 |
| Operating and Capital Grants | 105,505 | 1,654,399 | 17,000 | 17,000 | 17,000 | 19,880 | 17,000 | 106,238 | 97,123 | 77,700 |
| Investment Earnings | 73,595 | 587,208 | 563,325 | 161,551 | 81,366 | 115,690 | 99,634 | 78,855 | 65,199 | 54,112 |
| Miscellaneous | 128,060 | 193,552 | 114,779 | 111,495 | 198,729 | 516,763 | 116,224 | 111,315 | 72,307 | 75,468 |
| Total Revenues | 27,608,330 | 29,759,127 | 31,227,364 | 27,289,387 | 29,076,251 | 28,119,289 | 22,336,311 | 22,302,482 | 22,268,536 | 21,457,980 |
| Expenditures | | | | | | | | | | |
| General Government: | | | | | | | | | | |
| General Fund - current | 2,556,921 | 2,432,435 | 3,933,149 | 3,586,203 | 3,603,667 | 3,510,247 | 3,139,473 | 3,059,518 | 2,907,061 | 2,874,413 |
| Capital Outlay | 365,878 | 279,424 | 121,257 | 113,813 | 148,435 | 79,331 | 644,383 | 84,849 | 46,452 | 9,953 |
| Recreation: | | | | | | | | | | |
| Community Services - current | 15,289,187 | 16,546,104 | 17,288,580 | 16,137,428 | 15,919,959 | 14,853,575 | 13,019,001 | 12,742,330 | 12,458,356 | 12,577,779 |
| Community Services - Capital Projects | 2,907,254 | 5,059,031 | 6,043,500 | 3,905,926 | 3,633,210 | 2,344,198 | 2,832,606 | 2,266,640 | 2,094,299 | 2,785,667 |
| Community Services - Debt Service | 383,172 | 384,354 | 381,401 | 1,285,340 | 1,284,257 | 1,283,074 | 1,761,635 | 1,758,931 | 2,239,198 | 2,271,093 |
| Beach - current | 1,700,422 | 1,758,394 | 1,906,516 | 1,619,746 | 1,587,259 | 1,493,554 | 1,368,428 | 1,226,285 | 1,026,756 | 1,028,133 |
| Beach - Capital Projects | 1,245,205 | 82,009 | 284,298 | 221,248 | 256,161 | 319,152 | 695,822 | 167,375 | 550,397 | 7,196 |
| Beach - Debt Service | 6,270 | 6,289 | 6,241 | 6,237 | 6,215 | 6,189 | 276,005 | 277,192 | 133,177 | 133,893 |
| Total Expenditures | 24,454,309 | 26,548,040 | 29,964,942 | 26,875,941 | 26,439,163 | 23,889,320 | 23,737,353 | 21,583,120 | 21,455,696 | 21,688,127 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 537,835 | - | 474,356 | 800,000 | - | - | - | - | - | - |
| Transfer (Out) | (537,835) | (45,000) | (120,000) | - | - | - | - | - | - | - |
| Sale of assets | 53,750 | 44,639 | 40,159 | 88,415 | 141,216 | 37,016 | 3,910 | 67,213 | (8,615) | 51,531 |
| Insurance Proceeds | - | 243,548 | 50,300 | - | - | - | - | - | - | - |
| Capital Grants | - | - | 31,958 | 156,775 | 113,615 | 586,361 | 235,674 | (407) | 1,137,270 | 1,369,936 |
| Washoe Co Tax Refund | - | - | - | - | - | - | - | - | (694,817) | (280,460) |
| Total Other Sources (Uses) | 53,750 | 243,187 | 476,773 | 1,045,190 | 254,831 | 623,377 | 239,584 | 66,806 | 433,838 | 1,141,007 |
| Net Changes in Fund Balance | \$ 3,207,771 | \$ 3,454,274 | \$ 1,739,195 | \$ 1,458,636 | \$ 2,891,919 | \$ 4,853,346 | \$ (1,161,458) | \$ 786,168 | \$ 1,246,678 | \$ 910,860 |

2018 is restated for Prior Period Adjustment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Assessed and Estimated Actual Value of Taxable Real Property Last Ten Fiscal Years (unaudited)

| Fiscal Year Ended | Taxable Real Property Assessed Value | Direct Tax Rate | Estimated Actual Value | Ratio Of Total Assessed Value To Total Estimated Actual Value |
|----------------------|---|-----------------------|---------------------------|--|
| 2021 | \$ 1,817,882,343 | 0.1311 | \$ 5,193,949,551 | 35% |
| 2020 | 1,717,224,973 | 0.1267 | 4,906,357,066 | 35% |
| 2019 | 1,666,387,475 | 0.1224 | 4,761,107,071 | 35% |
| 2018 | 1,623,315,601 | 0.1182 | 4,638,044,574 | 35% |
| 2017 | 1,532,912,733 | 0.1183 | 4,379,750,666 | 35% |
| 2016 | 1,484,624,556 | 0.1269 | 4,241,784,446 | 35% |
| 2015 | 1,456,574,018 | 0.1157 | 4,161,640,051 | 35% |
| 2014 | 1,392,531,036 | 0.1105 | 3,978,660,103 | 35% |
| 2013 | 1,374,297,099 | 0.1153 | 3,926,563,140 | 35% |
| 2012 | 1,368,961,464 | 0.1129 | 3,911,318,469 | 35% |

SOURCE: State of Nevada Department of Taxation

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Direct and Overlapping Tax Districts

Last Ten Fiscal Years Ended June 30 (unaudited)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Incline Village GID-Direct | \$ 0.1311 | \$ 0.1267 | \$ 0.1224 | \$ 0.1182 | \$ 0.1183 | \$ 0.1269 | \$ 0.1157 | \$ 0.1105 | \$ 0.1153 | \$ 0.1129 |
| Overlapping- | | | | | | | | | | |
| Washoe County | 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3917 | 1.3917 |
| Washoe County School District | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 | 1.1385 |
| North Lake Tahoe Fire District | 0.6480 | 0.6291 | 0.6291 | 0.6291 | 0.6291 | 0.6291 | 0.6291 | 0.6291 | 0.6414 | 0.5525 |
| State of Nevada | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 | 0.1700 |
| Total Rate Per \$100 assessed valuation | \$ 3.4793 | \$ 3.4560 | \$ 3.4517 | \$ 3.4475 | \$ 3.4476 | \$ 3.4562 | \$ 3.4450 | \$ 3.4398 | \$ 3.4569 | \$ 3.3656 |

SOURCE: Nevada Dept. of Taxation - Total Property Tax Rates by Taxing Unit

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Property Taxpayers

Current Fiscal Year and Nine Years Ago (unaudited)

| Taxpayer | Type of Entity | Number of Parcels | 2021 Assessed Value | % of Total Assessed Value | 2012 Assessed Value | % of Total Assessed Value | Rank |
|---------------------------------|----------------------|----------------------|-------------------------|------------------------------|-------------------------|------------------------------|------|
| Top Ten (Current Year): | | | | | | | |
| Hyatt Equities LLC | Hotel/Casino | 2 | \$ 28,807,974 | 1.58% | \$ 22,933,889 | 1.68% | 1 |
| Cascade Beach LLC | Residential Property | 2 | 13,980,680 | 0.77% | | | |
| Tahoe Estates LLC | Residential Property | 2 | 13,438,173 | 0.74% | 7,992,695 | 0.58% | 4 |
| 1145 Lakeshore Boulevard | Residential Property | 1 | 11,290,556 | 0.62% | | | |
| Ponderosa Ranch LLC | Residential Property | 22 | 10,665,178 | 0.59% | 10,786,263 | 0.79% | 3 |
| Nevada Pacific Development Corp | Residential Property | 43 | 10,032,118 | 0.55% | 15,398,547 | 1.12% | 2 |
| Lakeshore Trust | Residential Property | 1 | 9,379,722 | 0.52% | 7,770,870 | 0.57% | 6 |
| SF Pacific LLC | Residential Property | 1 | 9,045,360 | 0.50% | 5,511,274 | 0.40% | 8 |
| KWS Nevada Residential LLC | Residential Property | 3 | 7,165,565 | 0.39% | 5,585,365 | 0.41% | 7 |
| HTS Ground Lake Tahoe INC | Residential Property | 60 | 6,953,033 | 0.38% | | | |
| In Prior Top Ten: | | | | | | | |
| Duffield Trust, David A | Residential Property | 11 | | | 7,935,927 | 0.58% | 5 |
| Ten-Four-One Realty Trust | Residential Property | 1 | | | 5,498,705 | 0.40% | 9 |
| Erdman, Christian P | Residential Property | 1 | | | 5,203,126 | 0.38% | 10 |
| | | | <u>\$ 120,758,359</u> | <u>6.64%</u> | <u>\$ 94,616,661</u> | <u>6.91%</u> | |
| Total IVGID Community | | | <u>\$ 1,817,882,343</u> | <u>100.00%</u> | <u>\$ 1,368,961,464</u> | <u>100.00%</u> | |

SOURCE: Washoe County Assessors Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Tax Levies, Collections and Delinquencies - Washoe County as a Whole (In Thousands) Last Ten Fiscal Years (unaudited)

| Fiscal Year Ending June 30, | Net Levy Roll | Current Tax Collected | Percent of Levy Collected | Delinquent Tax Collected | Total Cumulative Taxes Collected | Total Taxes Collected as a % of Net Levy Roll |
|-----------------------------------|------------------|-----------------------------|---------------------------------|--------------------------------|---|---|
| 2021 | \$ 572,652 | \$ 570,187 | 99.57% | \$ 3,057 | \$ 567,124 | 99.03% |
| 2020 | 535,123 | 532,811 | 99.57% | 2,312 | 535,123 | 100.00% |
| 2019 | 500,623 | 498,311 | 99.55% | 1,817 | 500,128 | 99.90% |
| 2018 | 473,365 | 471,229 | 99.55% | 1,745 | 472,974 | 99.92% |
| 2017 | 452,327 | 449,930 | 99.47% | 2,295 | 452,225 | 99.98% |
| 2016 | 440,185 | 438,074 | 99.52% | 2,093 | 440,167 | 100.00% |
| 2015 | 424,115 | 421,125 | 99.30% | 2,983 | 424,108 | 100.00% |
| 2014 | 411,260 | 407,469 | 99.08% | 3,787 | 411,256 | 100.00% |
| 2013 | 411,058 | 405,977 | 98.76% | 5,075 | 411,052 | 100.00% |
| 2012 | 422,799 | 416,849 | 98.59% | 5,947 | 422,796 | 100.00% |

SOURCE: Washoe County Comptroller's Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years (unaudited)

| Fiscal Year Ended | <u>Governmental-Type Activities:</u> | | | <u>Business-Type Activities:</u> | | | Gross | Percentage Payable by | Percentage Payable by | Population | Debt |
|----------------------|--------------------------------------|-------------------------------|------------|----------------------------------|-----------------------|--------------|----------------|--------------------------|--------------------------|------------|------------|
| | G. O. & Revenue Pledged | General Obligation Only | Total | Revenue Pledged | General Obligation | Total | Bonded Debt | Property Taxes | Pledged Revenues | | Per Capita |
| 2021 | \$ 769,000 | \$ - | \$ 769,000 | \$ 721,499 | \$ 2,824,734 | \$ 3,546,233 | \$ 4,315,233 | 0% | 100% | 9462 | \$ 456 |
| 2020 | 1,137,000 | - | 1,137,000 | 936,301 | 3,148,637 | 4,084,938 | 5,221,938 | 0% | 100% | 9087 | \$ 575 |
| 2019 | 1,498,000 | - | 1,498,000 | 1,144,565 | 3,464,361 | 4,608,926 | 6,106,926 | 0% | 100% | 9087 | 672 |
| 2018 | 1,848,000 | - | 1,848,000 | 1,346,488 | 3,772,116 | 5,118,604 | 6,966,604 | 0% | 100% | 9087 | 767 |
| 2017 | 2,190,000 | 845,000 | 3,035,000 | 1,542,263 | 4,072,102 | 5,614,365 | 8,649,365 | 0% | 100% | 9087 | 952 |
| 2016 | 2,523,000 | 1,635,000 | 4,158,000 | 1,732,078 | 4,364,517 | 6,096,595 | 10,254,595 | 0% | 100% | 9087 | 1,128 |
| 2015 | 2,847,000 | 2,395,000 | 5,242,000 | 1,916,115 | 4,649,552 | 6,565,667 | 11,807,667 | 0% | 100% | 9087 | 1,299 |
| 2014 | 3,901,000 | 3,125,000 | 7,026,000 | 2,094,548 | 4,927,395 | 7,021,943 | 14,047,943 | 0% | 100% | 9087 | 1,546 |
| 2013 | 4,925,000 | 3,825,000 | 8,750,000 | 2,267,548 | 5,198,228 | 7,465,776 | 16,215,776 | 0% | 100% | 9087 | 1,785 |
| 2012 | 5,495,000 | 5,195,000 | 10,690,000 | 2,435,281 | 3,495,379 | 5,930,660 | 16,620,660 | 0% | 100% | 9087 | 1,829 |

SOURCE: Incline Village General Improvement District Annual Indebtedness/Debt Management Reports/Restated for change in classification of the Community Services and Beach activities from Business-type to Governmental Type as of July 1, 2015.

Note: All outstanding bonds carry a revenue pledge, some also carry a secondary General Obligation pledge.
However, no tax levy is made to fund debt service because net revenues are sufficient to meet these obligations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

OUTSTANDING OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS

Last ten fiscal years (unaudited)

| | General Obligation Indebtedness | Presently Self-Supported General Obligation Indebtedness | Percent Applicable * Incline Village | As of June 30, 2021 Applicable Net Debt |
|-------------------------------|---------------------------------------|--|--|--|
| Washoe County | \$ 120,784,000 | \$ 33,580,000 | 9.397% | \$ 8,194,128 |
| Washoe County School District | 1,128,974,000 | - | 9.397% | 106,084,102 |
| State of Nevada | 1,210,570,000 | 323,512,000 | 1.301% | 11,538,406 |
| Total | 2,460,328,000 | 357,092,000 | | 125,816,636 |
| Incline Village GID | 4,315,233 | 4,315,233 | | - |
| Total | \$ 2,464,643,233 | \$ 361,407,233 | | \$ 125,816,636 |

Applicable Net Debt June 30:

| | |
|------|----------------|
| 2021 | \$ 125,816,636 |
| 2020 | 123,510,730 |
| 2019 | 95,146,841 |
| 2018 | 99,064,878 |
| 2017 | 77,387,251 |
| 2016 | 73,677,678 |
| 2015 | 79,052,199 |
| 2014 | 92,762,454 |
| 2013 | 96,542,090 |
| 2012 | 94,180,056 |

*Percentage Applicable based on Assessed Valuation as reported by the Nevada Department of Taxation

SOURCE: Washoe County Comptrollers Office and Nevada Department of Taxation

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Incline Village General Improvement District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Utility Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

| Fiscal Year | Utility Service Charges | Less: Operating Expenses | Other Revenues (Expenses) | Net Available Revenue | Debt Service | Debt Service Coverage |
|----------------|-------------------------------|--------------------------------|---------------------------------|-----------------------------|-----------------|-----------------------------|
| 2021 | \$ 12,870,917 | \$ 7,934,928 | \$ (119,698) | \$ 4,816,291 | \$ 643,132 | 7.49 |
| 2020 | 12,564,466 | 8,016,675 | 275,893 | 4,823,684 | 643,135 | 7.50 |
| 2019 | 12,785,742 | 7,274,328 | 297,550 | 5,808,964 | 643,134 | 9.03 |
| 2018 | 11,925,557 | 7,139,740 | 127,300 | 4,913,117 | 643,135 | 7.64 |
| 2017 | 11,813,170 | 6,783,853 | 78,554 | 5,107,871 | 643,133 | 7.94 |
| 2016 | 11,158,119 | 6,804,140 | 149,326 | 4,503,305 | 636,808 | 7.07 |
| 2015 | 10,851,123 | 6,549,802 | 20,591 | 4,321,912 | 636,781 | 6.79 |
| 2014 | 10,434,118 | 6,270,919 | 56,295 | 4,219,494 | 636,956 | 6.62 |
| 2013 | 9,767,475 | 5,867,114 | 73,522 | 3,973,883 | 965,108 | 4.12 |
| 2012 | 9,127,955 | 5,839,109 | 86,391 | 3,375,237 | 1,010,929 | 3.34 |

Notes- Details regarding the District's outstanding debt can be found in the notes to the financial statements. Expenses do not include interest, depreciation or amortization.

Debt service represents all outstanding debt of the Utility departments.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Community Services and Beach Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

| Fiscal Year | Operating Revenues | Less: Operating Expenses | Other Revenues (Expenses) | Net Available Revenue | Debt Service | Debt Service Coverage |
|----------------|-----------------------|--------------------------------|---------------------------------|-----------------------------|-----------------|-----------------------------|
| 2021 | \$ 19,618,840 | \$ 16,989,636 | \$ (537,835) | \$ 2,091,369 | \$ 391,050 | 5.35 |
| 2020 | 24,245,304 | 18,304,498 | 288,187 | 6,228,993 | 390,643 | 15.95 |
| 2019 | 26,024,657 | 19,195,096 | 112,777 | 6,942,338 | 387,642 | 17.91 |
| 2018 | 22,730,797 | 17,757,174 | 71,591 | 5,045,214 | 1,291,577 | 3.91 |
| 2017 | 24,617,436 | 17,507,218 | 29,686 | 7,139,904 | 1,290,472 | 5.53 |
| 2016 | 20,666,327 | 16,347,129 | 69,701 | 4,388,899 | 1,289,263 | 3.40 |
| 2015 | 18,272,166 | 14,392,676 | 173,933 | 4,053,423 | 2,028,342 | 2.00 |
| 2014 | 18,472,073 | 14,002,615 | 196,763 | 4,666,221 | 2,025,584 | 2.30 |
| 2013 | 18,618,024 | 13,485,112 | 90,791 | 5,223,703 | 2,353,561 | 2.22 |
| 2012 | 17,771,350 | 13,605,912 | 153,785 | 4,319,223 | 2,385,541 | 1.81 |

Debt service represents all outstanding debt of the Community Service and Beach Funds, because proceeds from some issues were used by both funds.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Ratio of Annual Debt Service Expenditures
To Governmental and Business Type Expenditures/Expenses
For the last 10 Years (unaudited)**

| Year | Governmental Type Debt Service Expenditures | Business Type Debt Service Expenditures | Total District Debt Service Expenditures | Total Governmental Type Expenditures | Total Business Type Expenses | Ratio Debt Service to Governmental Type Expenditures | Ratio Debt Service to Business Type Expenses |
|------|---|---|--|---|---------------------------------------|---|---|
| 2021 | \$ 391,050 | \$ 643,132 | 1,034,182 | \$ 24,054,816 | \$ 11,387,762 | 1.63% | 5.65% |
| 2020 | 390,643 | 643,135 | 1,033,778 | 25,706,138 | 11,495,874 | 1.52% | 5.59% |
| 2019 | 387,642 | 643,134 | 1,030,776 | 28,795,542 | 10,554,488 | 1.35% | 6.09% |
| 2018 | 1,291,577 | 643,135 | 1,934,712 | 25,781,941 | 10,113,371 | 5.01% | 6.36% |
| 2017 | 1,290,472 | 643,135 | 1,933,607 | 25,261,963 | 9,729,775 | 5.11% | 6.61% |
| 2016 | 1,289,263 | 636,808 | 1,926,071 | 24,654,345 | 9,901,095 | 5.23% | 6.43% |
| 2015 | 2,028,342 | 636,781 | 2,665,123 | 23,737,353 | 9,442,666 | 8.54% | 6.74% |
| 2014 | 2,025,584 | 636,956 | 2,662,540 | 21,583,120 | 9,029,675 | 9.39% | 7.05% |
| 2013 | 2,353,561 | 965,108 | 3,318,669 | 21,455,696 | 8,480,954 | 10.97% | 11.38% |
| 2012 | 2,385,541 | 1,010,929 | 3,396,470 | 21,688,127 | 8,404,350 | 11.00% | 12.03% |

SOURCE: Incline Village General Improvement District Comprehensive Annual Financial Reports

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Statutory Debt Limitation

Last Ten Fiscal Years (unaudited)

| Fiscal Year Ending June 30, | Assessed Valuation | Debt Limit | Outstanding and Proposed General Obligation Debt | Additional Statutory Debt Capacity |
|-----------------------------------|-----------------------|----------------|--|--|
| 2021 | \$ 1,817,882,343 | \$ 908,941,172 | \$ 4,315,233 | 904,625,939 |
| 2020 | 1,717,224,973 | 858,612,000 | 5,221,938 | 853,390,062 |
| 2019 | 1,666,387,475 | 833,193,738 | 6,106,926 | 827,086,812 |
| 2018 | 1,623,315,601 | 811,657,801 | 6,966,604 | 804,691,197 |
| 2017 | 1,532,912,733 | 766,456,367 | 8,649,365 | 757,807,002 |
| 2016 | 1,484,624,556 | 742,312,278 | 10,254,595 | 732,057,683 |
| 2015 | 1,456,574,018 | 728,287,009 | 11,807,667 | 716,479,342 |
| 2014 | 1,392,531,036 | 696,265,518 | 14,047,943 | 682,217,575 |
| 2013 | 1,374,297,099 | 687,148,550 | 16,215,766 | 670,932,784 |
| 2012 | 1,368,961,464 | 684,480,732 | 16,620,660 | 667,860,072 |

SOURCE: State of Nevada Department of Taxation

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Demographic Statistics

| <u>Year</u> | <u>Population</u> | <u>Median Age</u> | <u>County Personal Income</u> | <u>Housing Units</u> | <u>Occupied Housing Units</u> | <u>Housing Seasonal Use</u> | <u>Reno-Sparks Unemployment Rate ²</u> |
|-------------|-------------------|-------------------|-------------------------------|----------------------|-------------------------------|-----------------------------|---|
| 2021 | 9462 | | | | | | 4.9% |
| 2020 | 9087 | | | | | | 8.7% |
| 2019 | 9087 | | | | | | 4.0% |
| 2018 | 9087 | | | | | | 3.5% |
| 2017 | 9087 | | | | | | 4.0% |
| 2016 | 9087 | | | | | | 5.9% |
| 2015 | 9087 | | | | | | 6.4% |
| 2014 | 9087 | | | | | | 7.3% |
| 2013 | 9087 | | | | | | 9.8% |
| 2012 | 9087 | | | | | | 12.0% |

1 Based on actual Census Data

2 Best available unemployment data, a rate is not determined for our immediate area.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Employers - Incline Village and Crystal Bay Current Fiscal Year and Nine Years Ago (unaudited)

| Employer | 2021 | 2012 |
|--|------|------|
| HYATT LAKE TAHOE RESORT | 1 | 1 |
| INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT | 2 | 2 |
| GRAND LODGE CASINO AT HYATT (and predecessors) | 3 | 5 |
| TAHOE BILTMORE | 4 | 8 |
| SIERRA NEVADA COLLEGE | 5 | 3 |
| RALEY'S | 6 | 7 |
| NORTH LAKE TAHOE FIRE PROTECTION DISTRICT | 7 | 9 |
| TAHOE FOREST HOSPITAL HEALTH | 8 | 10 |
| WASHOE COUNTY SCHOOL DISTRICT | 9 | |
| ASSOCIATED SIERRA NORTH | 10 | |
| CRYSTAL BAY CLUB CASINO | | 4 |
| ACE TOTAL SERVICES INC (Excel) | | 8 |

SOURCE: Nevada Department of Employment, Training and Rehabilitation (DETR)

DETR indicates the methodology for determining rankings has changed year on year.

Data for all years is not available.

Data for percentage to total employment is not available.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Position and Full Time Equivalent Personnel Summary Community Services and All Other Activities For the last Ten Years (unaudited)

| | Budget year ending June 30 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------|------------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Golf | Seasonal/Part Time Positions | 114.0 | 123.0 | 122.8 | 113.8 | 117.9 | 105.2 | 107.2 | 97.5 | 103.5 | 72.3 |
| | Season/Part Time FTE | 40.8 | 40.6 | 41.2 | 38.4 | 38.4 | 35.0 | 37.0 | 35.3 | 36.8 | 27.4 |
| | Full Time FTE | 8.0 | 7.0 | 11.4 | 11.6 | 11.0 | 7.9 | 7.2 | 6.7 | 6.8 | 6.99 |
| | Total FTE | 48.8 | 47.6 | 52.6 | 50.0 | 49.4 | 42.9 | 44.2 | 42.0 | 43.6 | 34.39 |
| Facilities | Seasonal/Part Time Positions | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 | 1.7 | 1.7 | 16.5 | 2.0 | 1.8 |
| | Season/Part Time FTE | 0.0 | 0.5 | 0.2 | 0.1 | 0.1 | 1.2 | 1.2 | 3.6 | 1.0 | 1.0 |
| | Full Time FTE | 1.4 | 2.0 | 1.2 | 1.3 | 1.2 | 1.1 | 1.1 | 3.4 | 2.0 | 1.1 |
| | Total FTE | 1.4 | 2.5 | 1.4 | 1.4 | 1.3 | 2.3 | 2.3 | 7.0 | 3.0 | 2.1 |
| Ski | Seasonal/Part Time Positions | 282.0 | 282.0 | 285.7 | 281.5 | 273.5 | 254.0 | 254.0 | 247.0 | 193.0 | 216.0 |
| | Season/Part Time FTE | 62.5 | 73.4 | 57.7 | 54.4 | 50.6 | 46.7 | 46.0 | 49.6 | 33.6 | 41.8 |
| | Full Time FTE | 11.9 | 13.0 | 16.7 | 16.4 | 15.2 | 14.5 | 14.4 | 11.7 | 9.8 | 12.8 |
| | Total FTE | 74.5 | 86.4 | 74.4 | 70.8 | 65.8 | 61.2 | 60.4 | 61.3 | 43.4 | 54.6 |
| Parks & Recreation | Seasonal/Part Time Positions | 91.2 | 91.5 | 91.5 | 91.5 | 91.0 | 102.3 | 103.4 | 94.3 | 101.8 | 100.9 |
| | Season/Part Time FTE | 20.8 | 21.5 | 23.9 | 24.9 | 24.8 | 25.0 | 25.5 | 25.9 | 27.7 | 28.4 |
| | Full Time FTE | 9.6 | 13.1 | 11.0 | 10.1 | 10.1 | 10.1 | 9.8 | 9.0 | 11.8 | 11.8 |
| | Total FTE | 30.5 | 34.6 | 34.9 | 36.0 | 35.9 | 35.1 | 35.3 | 34.9 | 39.5 | 40.4 |
| Marketing | Seasonal/Part Time Positions | 0.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| | Season/Part Time FTE | 0.0 | 0.3 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.0 | 0.7 | 0.7 |
| | Full Time FTE | 2.8 | 3.0 | 3.1 | 2.8 | 2.8 | 2.9 | 2.9 | 3.0 | 2.0 | 3.0 |
| | Total FTE | 2.8 | 3.3 | 3.2 | 3.1 | 3.1 | 3.2 | 3.2 | 3.0 | 2.7 | 3.7 |
| Food & Beverage | Seasonal/Part Time Positions | After 2013 Included in Ski & Golf | | | | | | | | 57.0 | 59.0 |
| | Season/Part Time FTE | After 2013 Included in Ski & Golf | | | | | | | | 14.4 | 14.3 |
| | Full Time FTE | After 2013 Included in Ski & Golf | | | | | | | | 4.0 | 5.0 |
| | Total FTE | After 2013 Included in Ski & Golf | | | | | | | | 18.4 | 19.3 |
| Other Recreation | Seasonal/Part Time Positions | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 2.8 | 0.8 | 3.1 | 3.2 |
| | Season/Part Time FTE | 1.4 | 1.1 | 1.8 | 1.8 | 1.8 | 1.8 | 1.4 | 0.1 | 1.1 | 1.6 |
| | Full Time FTE | 1.9 | 1.4 | 1.4 | 1.4 | 0.9 | 1.0 | 1.6 | 1.6 | 1.8 | 2.4 |
| | Total FTE | 3.3 | 2.5 | 3.2 | 3.2 | 2.7 | 2.8 | 3.0 | 1.7 | 2.9 | 4.0 |
| Total Community Service | Seasonal/Part Time Positions | 492.0 | 502.6 | 514.3 | 502.0 | 497.5 | 467.9 | 469.0 | 456.1 | 462.4 | 456.1 |
| | Season/Part Time FTE | 125.5 | 137.4 | 126.2 | 121.6 | 117.7 | 109.6 | 111.1 | 114.5 | 115.3 | 116.4 |
| | Full Time FTE | 35.7 | 39.5 | 41.7 | 40.9 | 38.5 | 34.7 | 34.1 | 35.4 | 38.2 | 41.7 |
| | Total FTE | 161.2 | 176.9 | 167.9 | 162.5 | 156.2 | 144.3 | 145.2 | 149.9 | 153.5 | 158.1 |
| Beach | Seasonal/Part Time Positions | 93.0 | 93.0 | 109.5 | 97.4 | 99.0 | 96.9 | 94.0 | 89.0 | 88.1 | 90.6 |
| | Season/Part Time FTE | 16.5 | 20.7 | 21.2 | 18.7 | 18.4 | 18.0 | 17.3 | 14.3 | 13.2 | 12.4 |
| | Full Time FTE | 4.6 | 1.5 | 4.6 | 3.9 | 3.9 | 4.0 | 3.0 | 2.8 | 2.1 | 2.5 |
| | Total FTE | 21.1 | 22.2 | 25.8 | 22.6 | 22.3 | 22.0 | 20.3 | 17.1 | 15.3 | 14.9 |
| Administration | Seasonal/Part Time Positions | 2.0 | 4.0 | 4.0 | 4.0 | 0.0 | 1.0 | 1.0 | 2.0 | 2.0 | 3 |
| | Season/Part Time FTE | 0.6 | 0.8 | 1.1 | 1.5 | 0.0 | 0.5 | 0.4 | 0.4 | 0.3 | 0.9 |
| | Full Time FTE | 22.3 | 23.0 | 22.2 | 21.8 | 22.8 | 22.7 | 20.7 | 22.6 | 20.7 | 20.2 |
| | Total FTE | 22.9 | 23.8 | 23.3 | 23.3 | 22.8 | 23.2 | 21.1 | 23.0 | 21.0 | 21.1 |
| Engineering | Seasonal/Part Time Positions | 0.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| | Season/Part Time FTE | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| | Full Time FTE | 4.9 | 4.8 | 4.8 | 3.8 | 3.8 | 3.8 | 2.8 | 2.8 | 2.8 | 2.8 |
| | Total FTE | 4.9 | 5.1 | 5.1 | 4.1 | 4.1 | 4.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Fleet | Seasonal/Part Time Positions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Season/Part Time FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Full Time FTE | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| | Total FTE | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Buildings | Seasonal/Part Time Positions | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| | Season/Part Time FTE | 0.9 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| | Full Time FTE | 5.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 |
| | Total FTE | 5.9 | 6.5 | 6.5 | 5.5 | 5.5 | 5.5 | 5.5 | 4.5 | 4.5 | 4.5 |
| Utilities | Seasonal/Part Time Positions | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 5.0 | 3.0 | 3.0 | 2.0 | 2.0 |
| | Season/Part Time FTE | 1.3 | 3.1 | 2.4 | 3.4 | 3.4 | 3.3 | 1.2 | 1.0 | 0.7 | 0.7 |
| | Full Time FTE | 34.1 | 31.1 | 32.2 | 31.2 | 31.2 | 31.2 | 31.2 | 31.2 | 30.2 | 31.2 |
| | Total FTE | 35.4 | 34.2 | 34.6 | 34.6 | 34.6 | 34.5 | 32.4 | 32.2 | 30.9 | 31.9 |
| District Wide | Seasonal/Part Time Positions | 593.0 | 605.6 | 633.8 | 610.4 | 603.5 | 572.8 | 569.0 | 552.1 | 556.5 | 553.7 |
| | Season/Part Time FTE | 144.8 | 162.8 | 151.7 | 146.0 | 140.3 | 132.2 | 130.8 | 131.0 | 130.3 | 131.2 |
| | Full Time FTE | 113.6 | 112.9 | 118.6 | 113.6 | 112.2 | 108.4 | 102.8 | 104.8 | 104.0 | 108.4 |
| | Total FTE | 258.4 | 275.7 | 270.3 | 259.6 | 252.5 | 240.6 | 233.6 | 235.8 | 234.3 | 239.6 |

Source: Incline Village General Improvement District Operating Budget for Authorized Positions.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

User Statistics, Last Ten Fiscal Years

Total number of users (unaudited)

| Program | Unit Measured | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Water | Locations | 4,275 | 4,272 | 4,269 | 4,270 | 4,251 | 4,243 | 4,234 | 4,229 | 4,223 | 4,217 |
| Sewer | Locations | 4,185 | 4,182 | 4,180 | 4,178 | 4,160 | 4,152 | 4,144 | 4,139 | 4,124 | 4,121 |
| Refuse | Locations | 4,410 | 4,384 | 4,345 | 4,345 | 4,338 | 4,177 | 4,162 | 4,138 | 4,151 | 4,149 |
| Championship Course | Rounds played | 20,796 | 23,446 | 21,650 | 23,139 | 21,353 | 22,881 | 23,142 | 23,784 | 23,744 | 22,860 |
| Mountain Course | Rounds played | 13,658 | 15,912 | 16,062 | 17,111 | 15,209 | 15,687 | 14,983 | 14,570 | 13,129 | 13,556 |
| Beach | Individual visits | 212,458 | 191,073 | 192,321 | 189,291 | 186,146 | 171,772 | 172,628 | 173,963 | 165,089 | 165,387 |
| Tennis | Individual visits | 9,167 | 11,837 | 13,082 | 13,630 | 14,683 | 14,823 | 14,129 | 13,337 | 13,009 | 14,398 |
| Skier | Individual visits | 126,621 | 99,424 | 130,922 | 120,847 | 160,613 | 167,064 | 84,568 | 93,935 | 103,397 | 98,818 |
| Recreation Center | Individual visits | 133,554 | 94,499 | 129,831 | 123,561 | 121,598 | 115,662 | 126,799 | 130,887 | 125,294 | 124,356 |

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Budgeted Facility Fees per parcel, Last Ten Fiscal Years (unaudited)

| Program | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Ski | \$ (200) | \$ (41) | \$ 29 | \$ (83) | \$ (36) | \$ 13 | \$ (27) | \$ (20) | \$ (88) | \$ (35) |
| Tennis | 14 | 24 | 20 | 20 | 18 | 16 | 9 | 21 | 6 | 18 |
| Parks | 89 | 124 | 118 | 117 | 117 | 97 | 108 | 86 | 102 | 200 |
| Recreation Center | 342 | 285 | 262 | 268 | 269 | 197 | 241 | 204 | 241 | 112 |
| Championship Golf | 4 | 119 | 98 | 97 | 83 | 126 | 81 | 75 | 87 | 47 |
| Mountain Golf | 27 | 84 | 63 | 62 | 54 | 69 | 31 | 29 | 40 | 20 |
| Beaches | 500 | 125 | 125 | 125 | 100 | 100 | 100 | 100 | 100 | 115 |
| Youth | 26 | 25 | 25 | 26 | 26 | 24 | 21 | 20 | 15 | 25 |
| Seniors | 23 | 21 | 21 | 20 | 20 | 19 | 12 | 19 | 16 | 20 |
| Adult Programs | - | - | - | - | - | - | 1 | 1 | 2 | 2 |
| Catering | - | - | - | - | - | - | - | (13) | (8) | 26 |
| Facilities | 5 | 64 | 57 | 56 | 57 | 47 | 46 | 52 | 35 | 33 |
| Reserves for Recreation | - | - | - | - | - | - | - | 49 | 75 | 40 |
| Golf/Tennis/Ski Bonds | - | - | - | - | - | - | 85 | 85 | 85 | 85 |
| Ski Lodge Bond | - | - | - | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Defensible Space | - | - | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Coverage sales | - | - | - | - | - | - | - | - | - | - |
| Other/Unclassified | - | - | - | - | - | - | - | - | - | - |
| Total | \$ 830 | \$ 830 | \$ 830 | \$ 830 | \$ 830 | \$ 830 | \$ 830 | \$ 830 | \$ 830 | \$ 830 |
| Total Collected (in 1,000's) | \$ 6,569 | \$ 6,741 | \$ 6,758 | \$ 6,746 | \$ 6,747 | \$ 6,746 | \$ 6,746 | \$ 6,742 | \$ 6,737 | \$ 6,819 |

Bracketed amounts represent a venue that does not collect, but rather puts back an amount per parcel into the total for other venues to use the proceeds for operations.

The Facility Fee can be a resource for operating expenses, debt service or capital purchases. It is set annually by the Board of Trustees.

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Water and Sewer Single Family Base Rates

Last Ten Fiscal Years (unaudited)

| Fiscal Year 6/30 | Water Monthly Base Rate | Consumption Rate Per 1,000 gallons | Sewer Monthly Base Rate | Consumption Rate Per 1,000 gallons |
|------------------------|-------------------------------|--|-------------------------------|--|
| 2021 | \$ 32.09 | \$ 1.55 | \$ 54.96 | \$ 3.20 |
| 2020 | 33.45 | 1.00 | 59.00 | 3.35 |
| 2019 | 32.09 | 0.93 | 54.96 | 3.20 |
| 2018 | 30.84 | 0.93 | 52.76 | 3.10 |
| 2017 | 29.82 | 0.95 | 51.45 | 3.00 |
| 2016 | 28.86 | 0.97 | 49.83 | 2.90 |
| 2015 | 28.10 | 1.35 | 47.95 | 2.79 |
| 2014 | 27.03 | 1.32 | 41.85 | 2.68 |
| 2013 | 27.62 | 1.28 | 39.31 | 2.60 |
| 2012 | 27.62 | 1.28 | 39.31 | 2.60 |

The District charges are based on pay for what you use.

Rate changes are considered for implementation May each year.

In 2013 the changes were not effective until July 19, 2013.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Water Sold by Customer Type
Last Ten Fiscal Years (unaudited)
(in millions of gallons)

| Fiscal Year | Residential | Commercial | Total |
|----------------|-------------|------------|-------|
| 2021 | 711 | 291 | 1,002 |
| 2020 | 627 | 259 | 886 |
| 2019 | 606 | 259 | 865 |
| 2018 | 633 | 282 | 915 |
| 2017 | 604 | 256 | 860 |
| 2016 | 594 | 255 | 849 |
| 2015 | 634 | 258 | 892 |
| 2014 | 673 | 292 | 965 |
| 2013 | 701 | 300 | 1,001 |
| 2012 | 626 | 312 | 938 |

Source: IVGID Utilities Billing Department

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District ("IVGID" or "The District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Incline Village General Improvement District's basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Incline Village General Improvement District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Incline Village General Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Incline Village General Improvement District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

2021-001 Material Adjusting Journal Entries

An important element of control over financial reporting is for management to identify adjustments necessary for financial statements to be fairly stated. Whenever possible, adjustments should be reflected in the accounting records prior to the start of the audit.

When this is not possible, management should identify and communicate to the auditors the potential areas of adjustment that may need to be addressed during the audit process. Auditing standards require the reporting of material adjustments identified through the audit process as weaknesses in an entity's internal control structure.

The following material adjustments detected as a result of the audit procedures:

- a) An entry to write off certain capital assets that either represented repairs and maintenance, master plans, and studies or were below the District's capitalization threshold. The effect of this entry resulted in a reduction of capital assets and associated accumulated depreciation for a net prior period adjustment of \$167,751.
- b) An entry to correct negative cash balances by recording transfers in and out between various funds totaling \$537,835.

Additionally, the underlying accounting records do not support the financial statements without significant adjustments to remove full accrual accounting transactions for the presentation of governmental fund types. We understand the District intends to modify the financial statement reporting in the future to conform to full accrual accounting.

Recommendation

We recommend that IVGID enhance its year-end closing procedures to include areas that resulted in audit adjustments.

Management's Response Regarding Corrective Action Taken or Planned

- a) Management is in the process of updating the Capitalization Policy for the District. This policy will include regular reviews of assets to ensure currently capital policies are being followed. The assets written off per auditor's recommendation were capitalized under previous capital policies and were not reviewed by staff in regards to the current capitalization policy.
- b) Management agrees to update the year-end closing procedure to include a review of the financial reports to identify and process any possible audit adjustments.

2021-002 Capital Assets

During our review of internal controls surrounding Capital Assets, as well as testing performed over the account balances of Capital Assets, we noted a number of deficiencies that resulted in the material adjustments. The underlying deficiencies are described below:

- a) All capital asset additions are run through the *Construction in Progress* accounts in the District's accounting system, regardless of whether or not the transactions represent construction activity. Capital assets acquired instead of constructed should be recorded as a capital asset at the time of the acquisition.
- b) As part of our tests over capital asset balances we reviewed a historical detailed listing of all capital assets held at year end. In reviewing this listing, we noted capital assets that did not meet minimum dollar thresholds for capitalization per the District's capitalization policy resulting in an audit adjustment.
- c) As part of our tests over capital asset balances we reviewed a historical detailed listing of all capital assets held at year end. In reviewing this listing, we noted capital assets recorded that represented repairs, maintenance, master plans or feasibility studies and should not have been capitalized per IVGID's capitalization policy resulting in an audit adjustment.

Given the combination of deficiencies noted as well as the resulting material adjusting entries recorded, we have considered this to be a material weakness in internal control over financial reporting.

Recommendation

We recommend that IVGID develop and implement procedures to ensure that *Construction in Progress* accounts are used only to record activity associated with construction projects. Best practice is to record capital asset activity in capital outlay expenditure accounts in the governmental fund financial statements and then to perform regular reviews of this activity for reclassification as either Capital Assets or repairs and maintenance expenditures. This process would reduce the risk of overstating the *Construction in Progress* accounts and capitalizing assets that do not meet the thresholds and definitions of capital assets per IVGID's capitalization policy.

Management's Response Regarding Corrective Action Taken or Planned

- a) Although our current financial systems setup requires all capital assets to run through the Construction-In-Process accounts, we have processes in place to ensure only projects in process remain in the account. As of July 1, 2022 the District is transitioning to a new financial software which will allow full GL account usage in projects, at which point projects will no longer be processed through the Construction-In-Process account.
- b) These assets below current threshold were capitalized under prior capital policies. It is not the current practice of the District to re-evaluate all assets each time the Capitalization Policy is updated.
- c) Management concurs that these items should be written off.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

2021-003 Vendor Contracts

During our audit, we obtained a listing of payments by vendor, made during the fiscal year under audit and judgmentally selected 7 vendor contracts to test for compliance with IVGID procurement policies. We noted two instances in which there was no documentation available to support the required competitive bidding process. We have summarized these exceptions below:

- a) *Jacobs Engineering Group, Inc. (aka CH2M)* – This vendor was contracted to perform various professional services under 4 task orders totaling \$228,000. Services included on-call technical support, engineering design and bid document preparation for aeration improvements at the Water Resources Reclamation Facility, Network Security Upgrades, and construction contract monitoring services. Expenditures incurred during the period under audit were \$132,440. No support was provided to document that competitive bids were advertised, received or evaluated by management as required by IVGID's purchasing policy for public works contracts in excess of \$100,000.
- b) *HDR Engineering, Inc.* – This vendor was contracted in January 2019, via an *Additional Services Addendum (ASA) to Short Form Agreement dated July 29, 1991* to perform project management and condition assessment data analysis on the Effluent Export Pipeline. The value of the ASA was not to exceed \$42,181, of which \$3,797 was expended during the period under audit. No support was available to document that IVGID solicited

bids from at least three properly licensed contractors, as required by IVGID's purchasing policy over public works contracts between \$25,000 and \$100,000.

Recommendation

The issues noted above are due to certain ambiguities in the purchasing policy surrounding the applicability of bidding requirements for service contracts that are associated with Public Works projects. We recommend that the District update its Purchasing Policy to clarify these ambiguities and that procedures are developed and implemented to ensure future adherence to the Purchasing Policy.

Management's Response Regarding Corrective Action Taken or Planned

Management believes current District policy and NRS 332.115 clearly state the Professional Services, such as engineering services, or data assessment analysis, do not require competitive bidding. However, the District is in the process of updating District Policies related to Capital Project planning and administration, and will incorporate clarifying language, per Board direction.

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

2021-004 Update Bank Signature Cards

During our review of internal controls over cash disbursements, we noted that checks are printed with two signatures in accordance with the District's policies. The bank also has signature cards that, at times, contain authorized signatures of individuals that are no longer employed or associated with the District.

Recommendation

We recommend that management review and update the authorized signatories at District's banking institutions to remove employees and Board members no longer affiliated with the District at least annually, as well as anytime a signatory leaves the organization.

Management's Response Regarding Corrective Action Taken or Planned

Management concurs that bank records should be reviewed regularly to ensure proper authorization for all banking transactions. Management has reviewed all banking accounts and can assure that no unauthorized personnel are on any of the bank signature cards.

2021-005 Temporary Meter Deposits

During our review of internal controls surrounding utility billing procedures, we noted that temporary meter deposits received from utility customers are held, and not deposited, until the temporary meter is done being used. While these deposits are tracked using an excel spreadsheet, they should be deposited into the bank like all other cash receipts.

Recommendation

We recommend that temporary meter deposits received from customers be deposited into the District's bank account upon receipt and that the cash be offset by deposits payable in the financial accounting system until the funds are returned through the normal cash disbursements process.

Management's Response Regarding Corrective Action Taken or Planned

Management will review the recommendation provided by the auditors. Prior analysis of temporary meter deposit checks suggested that it was not cost effective to process the deposits, monthly statements and issuing refund checks for temporary meters since there was minimal risk associated with not receiving payment at the end of the rental period. The majority of the temporary meters are rented for the summer during the construction season. In addition, the District has never had a contractor not follow through with payment of the fees, even with equipment damage charges, when the meter was returned.

2021-006 Review of User Accounts

During our review of Information Systems internal controls, we noted that the District does not regularly perform a review of user accounts to sensitive systems, including access to the network (Active Directory & VPN) and financial software. The District did indicate there are informal reviews performed periodically, but it is inconsistent and does not include all sensitive systems.

Recommendation

We recommend that the District perform a periodic review of user access to sensitive systems, including active directory, financial system, and remote access. The review should be completed at a period (e.g., quarterly, semi-annually, annually) based on the risk of the system/data risk.

Management's Response Regarding Corrective Action Taken or Planned

District staff has implemented processes to address the recommendation presented in this finding. Per the disclosure provided to the auditors, employee hire and termination processes have been in place and are enacted for Active Directory and Remote Access via VPN with 2FA enabled. These are being performed periodically across all systems. Staff will continue to address this finding through proper account control processes including formally documenting the periodic review of accounts across all District critical systems.

2021-007 Environmental Controls at the Administrative Facility Data Center

During our review of Information Systems internal controls, we noted that the District could improve environmental controls in the Administrative facility data center (i.e., the server room). Specifically, we noted there is no automated fire suppression system to detect or prevent damage.

Recommendation

We recommend that the District perform a risk assessment and feasibility analysis to determine what environmental control improvements can be implemented in the server room, including a fire suppression system.

Management's Response Regarding Corrective Action Taken or Planned

Management understands the concerns brought forth in this finding; however, the Server Room or Datacenter in question is in a building that does not have fire suppression. Management believes implementation of an isolated suppression system for the Server Room without addressing the entire building's fire suppression would be cost-prohibitive, and in most cases, ineffective at controlling the breakout of a fire in the building. Moreover, the risk identified in this audit recommendation is largely mitigated through redundant back-up of files stored on equipment in this data center.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Incline Village General Improvement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Recommendations

The District's written response to the significant deficiencies and material weaknesses identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 3, 2021