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FISCAL YEAR ENDED JUNE 30, 2024

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## 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

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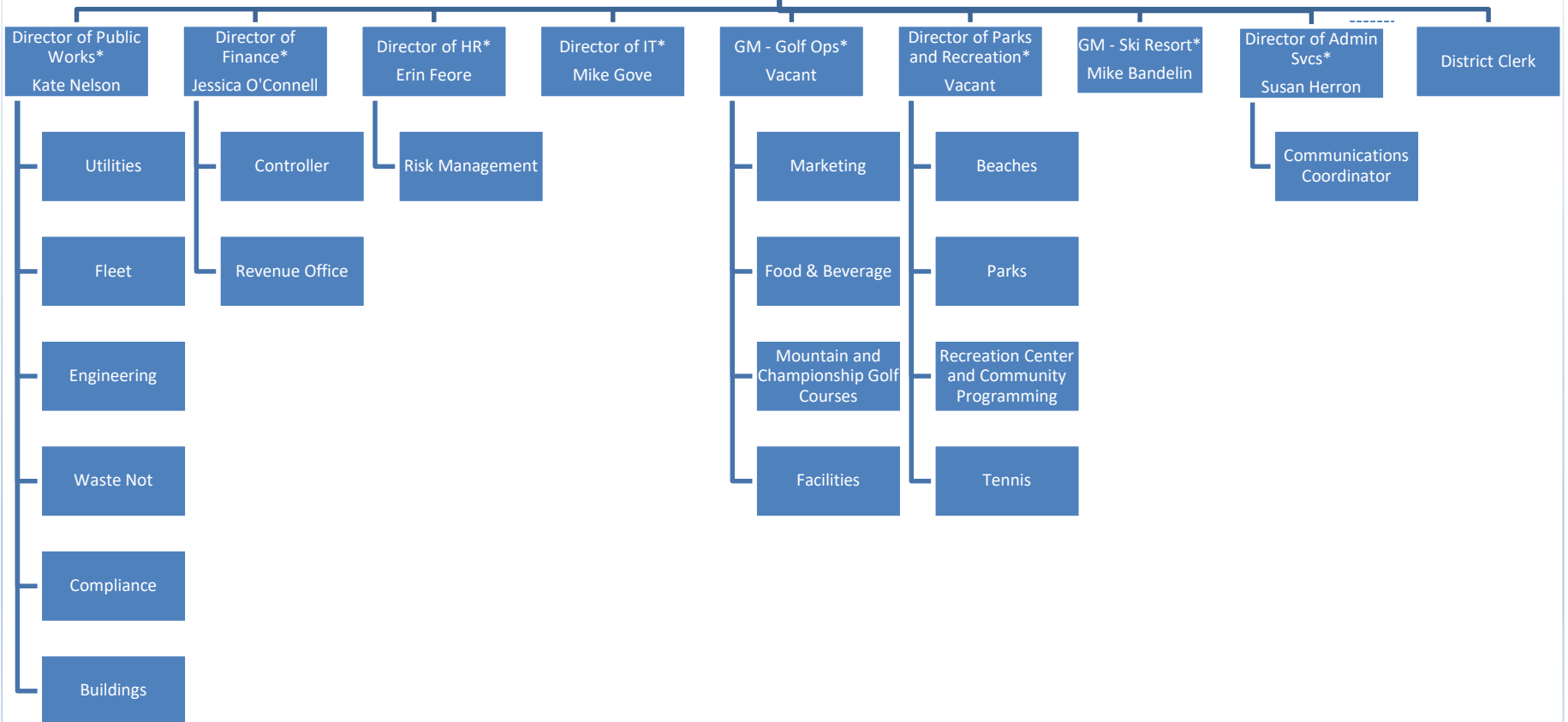
INCLINE VILLAGE AND CRYSTAL BAY COMMUNITIES

**IVGID BOARD OF TRUSTEES**

Michaela Tonking Term Expires 2028	Michelle Jezycki Term Expires 2028	Mick Homan Term Expires 2028	Dave Noble Term Expires 2027	Ray Tulloch Term Expires 2027
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District General Counsel  
Best, Best & Krieger

District General Manager\*  
Robert Harrison



June, 2025

\* Members of the Senior Team

## **Independent Auditor's Report**

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

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

#### ***Qualified Opinions***

We have audited the 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 (District), as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinions section of our report, the accompanying financial statements 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 District as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified Opinions***

We were unable to obtain sufficient appropriate audit evidence supporting \$743,724 of inventories as of June 30, 2024 due to physical inventory counts not performed on all inventory balances, known errors in certain inventory balances, and differences between quantities inspected during physical inventory counts and the amounts recorded in the financial statements. We were also unable to obtain sufficient appropriate audit evidence supporting \$1,284,474 of related cost of goods sold. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

#### ***Emphasis of a Matter***

As described further in footnote 19, the beginning fund balance and net position has been restated for a change within the financial reporting entity and for a correction of errors. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

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

The *budgetary comparison schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Irvine, California  
June 11, 2025

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2024**

## **INTRODUCTION**

This section of the Incline Village General Improvement District's (the District's) Financial Statement provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2024. We encourage readers to review this information in conjunction with the transmittal letter, financial statements, and accompanying notes to gain a comprehensive understanding of the District's financial position.

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## **FINANCIAL HIGHLIGHTS**

Based on the Government-wide Financial Statements for the year ended June 30, 2024:

- The District's net position totaled \$169 million as of June 30, 2024, reflecting an increase of \$177 thousand from the prior year. Of this amount, \$34.3 million represents unrestricted net position, available to meet future obligations including planned capital projects.
  - The net position of the District's governmental activities increased by \$9.6 million, ending at \$16.2 million, driven by an \$11 million increase from the reclassification of parks from community services to the General Fund, partially offset by an excess of total expenditures over total revenues.
  - The District's business activities closed the fiscal year with a net position of \$152.8 million, reflecting a decrease of \$9.2 million from the prior year, driven by the reclassification of parks, partially offset by a positive change in net position from net revenues, operating expenses and non-operating items.
  - As of June 30, 2024, the District had total bond debt outstanding \$6.6 million, consisting almost entirely of Utility Revenue Bonds. Long-term debt increased by \$4.1 million due to a draw on the Water State Revolving Fund Loan (see Footnote 9).
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## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis serve as an introduction to the District's basic financial statements, which include:

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

### **Government-wide Financial Statements**

These statements offer a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net Position reports the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference presented as net position. Changes in net position may serve as a useful indicator of the District's financial health.

The Statement of Activities shows how the District's net position changed during the fiscal year, recognizing revenues and expenses when the underlying events occur, regardless of cash flow timing. This means some revenues and expenses may affect future fiscal periods.

Both statements separate the District's functions into governmental and business-type activities. Governmental activities include administration, supported by general tax revenues. Business-type activities cover utilities (water, sewer, solid waste), recreational activities, and internal services, typically funded by fees covering operational costs, depreciation, and debt service.

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2024  
(Continued)**

**Fund Financial Statements**

Funds are accounting entities used to segregate resources for specific activities and ensure compliance with financial legal requirements, demonstrating fiscal accountability. The District's funds are categorized as governmental or proprietary.

- *Governmental funds* account for functions like governmental activities but focus on near-term inflows/outflows of spendable resources and year-end balances, which are useful for assessing short-term financing needs. The District maintains a single governmental fund, the General Fund.
- *Proprietary funds* include enterprise funds and internal service funds. The enterprise funds—Utility Fund, Community Services Fund, and Beach Fund—reflect business-type activities. The internal service fund accounts for fleet maintenance, building maintenance, and engineering, classified as proprietary due to its primary service to other proprietary activities.

**Notes to the Financial Statements**

These notes provide essential additional information to fully understand the government-wide and fund financial statements.

**Other Information**

Beyond the basic financial statements and notes, this report includes supplementary information such as a schedule for Multi-Employer Retirement Plans, detailed budget-to-actual comparisons by fund, revenue and expenditure reports formatted per Nevada Department of Taxation requirements and selected statistical data over five- or ten-year periods. This information supports trend analysis and highlights major revenue sources including Recreation and Beach Facility Fees.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As of June 30, 2024, the District's assets exceeded liabilities and deferred inflows by \$169 million. The largest portion of \$134.1 million of net position is invested in capital assets (land, buildings, equipment, construction in progress, less accumulated depreciation and outstanding bonds). These assets are essential for service delivery and are not available for future spending. Although net related debt is reported, repayment resources must come from other sources as capital assets cannot liquidate liabilities.

**Government Activities**

Government Activities net position of the District's governmental activities increased by \$9.6 million, ending at \$16.3 million. Net position increased 11 million for restatements to beginning net position, primarily driven by \$11.0 million from the reclassification of parks from the community services fund to the general fund (see note 19). This was partially offset by a \$1.2 million excess of expenses over revenues.

Revenues for governmental activities increased overall from the prior year by \$624 thousand. Governmental revenues primarily consist of Property tax and CTX-Consolidated Tax a distribution mechanism for several Nevada state taxes i.e., Basic County Relief Tax, Basic City-County Relief Tax, Local School Support Tax, Governmental Services Tax, Real Property Transfer Tax and Cigarette and Liquor Tax.

Expenses for government services increased overall from the prior year by 1.5 million. This was primarily due to increases in administration costs (\$1.29 million), information services (\$0.3 million) and accounting (\$0.31 million), partially offset by a reduction in capital outlays (\$0.4 million)



**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2024  
(Continued)**

**Business-type Activities**

The District's business activities closed the fiscal year with a net position of \$152.8 million, reflecting a decrease of \$9.2 million from the prior year. Net position declined 11.5 million for restatements to beginning net position, primarily driven by the aforementioned reclassification of parks from the community services fund to the general fund (see note 19). This was partially offset by a \$2.3 million benefit from business activities.

The Utility Fund, providing essential services, saw a \$1.8 million increase mainly due to net non-operating income and to a lesser extent net operating income.

The Community Services Fund's net position declined by \$12.9 million, primarily due to \$11.6 million of restatements (mainly the aforementioned reclassification of parks to the general fund). The remaining reduction was driven by a reduction in net operating and non-operating revenues and expenses, primarily a reduction in facility fee revenues. The facility fee, assessed by the District and collected by Washoe County through quarterly property tax bills, supports recreation and beach privileges. For 2023-24, facility fees for the Community Services fund was only \$2,338, comprised of collections of prior year assessments.

The Beach Fund net position increased by \$2. million, largely due to facility fee revenues supporting planned capital projects. For 2023-24, facility fees for the Beach Fund was \$3.5 million.

Revenues and expenditures for the Internal Service Fund are presented net of charges to other funds, as these costs are included in business-type activities supported by Internal Services.

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**FINANCIAL ANALYSIS OF DISTRICT FUNDS**

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

**Governmental Funds**

Governmental fund statements focus on current inflows, outflows, and balances of resources, helping assess financing needs. The General Fund's fund balance of \$1.3 million on June 30, 2024, exceeds the District's minimum reserve policy of 15% of annual budgeted appropriations (approximately \$789,700).

The total General Fund balance includes \$1.5million non-spendable prepaid General Liability amount.

**Proprietary Funds**

The District operates two recreational programming funds: Community Services and Beach. Due to deed restrictions, the Beach Fund's activities are accounted for separately to ensure compliance.

As of June 30, 2024, the Community Services Fund's net position was \$52.2 million, including an unrestricted net position of \$15.8 million. The Beach Fund's net position was \$17.1 million, including an unrestricted net position of \$9.0 million. Both funds maintained unrestricted net positions exceeding Board reserve policy targets (25% of annual budget appropriations), supporting upcoming capital projects outlined in the multi-year capital plan.

Utility Fund net position was \$83.4 million, including an unrestricted net position of \$8.9 million, exceeding Board reserve policy targets of 25%.

Budgets for governmental funds are adopted on a modified accrual basis, recognizing transactions when they impact current financial resources.

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2024  
(Continued)**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

For the fiscal year ended June 30, 2024:

- Revenues were slightly lower than budget by \$96 thousand, primarily due to lower consolidated tax collection.
- General Fund expenditure was \$2.4 million below budget (net of Central Services Overhead cost recovery), primarily due to \$1.9 million of lower capital outlays. Operating-type expenditures were lower than budget by about \$500 thousand, primarily due to savings in accounting, information services and human resources, partially offset by higher spending in administration.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2024, the District's net investment in capital assets totaled \$134.1 million, including land, buildings, systems, improvements, machinery, equipment, and recreational facilities (net of accumulated depreciation and debt used to finance the capital assets). For more details on capital asset activity and related debt, refer to Notes 5 and 9 in the financial statements.

**Long-term Debt**

At fiscal year-end, the District had \$6.4 million in outstanding Utility Revenue Bonds and \$0.2 million of other debt obligations. Debt is backed by the District's full faith and credit, with repayment sourced from service charge revenues. For additional information on debt, see Note 9.

Nevada Revised Statutes, Chapter 318, Section 277, authorize the District to incur indebtedness up to 50% of the last assessed valuation of taxable property, excluding revenue bonds and special assessment bonds.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The District experienced marginal increases in its sales and fees activity during the past fiscal year, with increases in utilities, community services and beach. The FY 2024-25 budget anticipates a relatively stable outlook.
- Labor market challenges, including shortages of seasonal and part-time staff, rising wages, and limited affordable housing, are expected to continue affecting the District's operating service cost levels.
- The District's primary revenues come from user service charges and, with respect to its Community Services and Beach funds, a standby Facility Fee assessed annually by the Board of Trustees. This fee provides stable funding for operations, capital improvements, and debt service and is set in alignment with the multi-year capital improvement and strategic plans.
- Diamond Peak Ski Resort generates a significant portion of service charges and is sensitive to winter snow conditions.
- Priority capital projects include replacing miles of the Effluent Export Pipeline. A comprehensive Utility Rate Study identified the need for substantial rate increases over the next several years to fund operations, capital projects, and debt, while maintaining reserves per Board policy. However, rates are expected to remain competitive with regional utilities.
- To mitigate rate impacts, the District is pursuing low-interest State Revolving Fund loans and federal grants.
- The Board continues to review capital project priorities across Community Services, Beach, and Diamond Peak Master Plans, considering financing options such as debt issuance versus pay-as-you-go, with a focus on financial capacity and creditworthiness.

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2024  
(Continued)**

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**REQUEST FOR INFORMATION**

This report is intended to provide a general overview of the District's finances for all interested parties. Questions or requests for additional information should be addressed to the Director of Finance at 893 Southwood Boulevard, Incline Village, Nevada 89451. This report is also available on the District's website: [www.yourtahoeplace.org](http://www.yourtahoeplace.org).

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 40,388	\$ 44,839,169	\$ 44,879,557
Receivables:			
Accounts receivable, net	8,141	1,792,229	1,800,370
Lease receivables	-	1,573,428	1,573,428
Interest on investments	41,412	116,519	157,931
Due from other governments	326,152	78,465	404,617
Inventories	55,997	687,727	743,724
Prepaid items	1,516,426	-	1,516,426
Restricted assets:			
Restricted deposits	-	670,140	670,140
Capital assets:			
Land	11,098,740	12,907,130	24,005,870
Construction in progress	29,942	13,556,529	13,586,471
Capital assets, net of accumulated depreciation	4,836,612	98,254,774	103,091,386
Total assets	<u>17,953,810</u>	<u>174,476,110</u>	<u>192,429,920</u>
<b>LIABILITIES</b>			
Accounts payable	419,773	9,638,486	10,058,259
Accrued personnel costs	481,786	453,828	935,614
Accrued interest payable	-	62,418	62,418
Due to other governments	6,500	13,287	19,787
Unearned revenue	16,470	2,394,273	2,410,743
Refundable deposits	-	466,362	466,362
Noncurrent liabilities:			
Compensated absences due within one year	316,411	561,547	877,958
Long-term liabilities due within one year	114,998	468,183	583,181
Claims payable due within one year	130,000	-	130,000
Compensated absences due in more than one year	73,306	264,257	337,563
Long-term liabilities due in more than one year	124,998	5,890,912	6,015,910
Total liabilities	<u>1,684,242</u>	<u>20,213,553</u>	<u>21,897,795</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow related to leases	<u>-</u>	<u>1,433,347</u>	<u>1,433,347</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,725,298	118,359,338	134,084,636
Restricted	-	670,140	670,140
Unrestricted	544,270	33,799,732	34,344,002
Total net position	<u>\$ 16,269,568</u>	<u>\$ 152,829,210</u>	<u>\$ 169,098,778</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 6,439,938	\$ 103,880	\$ -	\$ -	\$ (6,336,058)	\$ -	\$ (6,336,058)
Interest on long-term debt	15,000	-	-	-	(15,000)	-	(15,000)
Total governmental-type activities	<u>6,439,938</u>	<u>103,880</u>	<u>-</u>	<u>-</u>	<u>(6,351,058)</u>	<u>-</u>	<u>(6,351,058)</u>
Business-type activities:							
Utilities	15,844,266	15,908,134	455	364,011	-	428,334	428,334
Community services	23,609,092	20,981,651	21,741	-	-	(2,605,700)	(2,605,700)
Beach	3,054,542	1,483,753	-	-	-	(1,570,789)	(1,570,789)
Total business-type activities	<u>42,507,900</u>	<u>38,373,538</u>	<u>22,196</u>	<u>364,011</u>	<u>-</u>	<u>(3,748,155)</u>	<u>(3,748,155)</u>
Total primary government	<u>\$ 48,947,838</u>	<u>\$ 38,477,418</u>	<u>\$ 22,196</u>	<u>\$ 364,011</u>	<u>\$ (6,351,058)</u>	<u>\$ (3,748,155)</u>	<u>\$ (10,099,213)</u>
General revenues:							
Property taxes					2,160,877	-	2,160,877
Combined taxes					2,040,590	-	2,040,590
Recreation fee (assessed)					-	3,541,747	3,541,747
Investment income					49,044	2,346,308	2,395,352
Insurance proceeds					-	8,857	8,857
Miscellaneous revenues					-	208,022	208,022
Total general revenues					<u>4,250,511</u>	<u>6,104,934</u>	<u>10,355,445</u>
Change in net position					<u>(2,100,547)</u>	<u>2,356,779</u>	<u>256,232</u>
Net positions, beginning, as previously reported					7,078,141	161,973,614	169,051,755
Restatement for change within financial reporting entity					11,022,190	(11,022,190)	-
Restatement for correction of errors					269,784	(478,993)	(209,209)
Net positions, beginning, as restated					<u>18,370,115</u>	<u>150,472,431</u>	<u>168,842,546</u>
Net position - ending					<u>\$ 16,269,568</u>	<u>\$ 152,829,210</u>	<u>\$ 169,098,778</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUND  
BALANCE SHEET  
JUNE 30, 2024**

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 40,388
Accounts receivable, net	2,921
Interest receivable on investments	41,412
Due from other funds	166,344
Due from other governments	326,152
Prepaid items	1,516,426
	<hr/>
Total assets	\$ 2,093,643
	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable	\$ 346,160
Accrued personnel costs	423,569
Due to other governments	6,500
Unearned revenue	16,470
Total liabilities	792,699
	<hr/>
<b>Fund balance</b>	
Non-spendable	1,516,426
Unassigned	(215,482)
Total fund balance	1,300,944
	<hr/>
Total liabilities and fund balance	\$ 2,093,643
	<hr/> <hr/>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUND  
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION  
JUNE 30, 2024**

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

Total Fund Balance for Governmental Activities	\$ 1,300,944
Capital Assets, net of accumulated depreciation, are not financial resources, and therefore are not reported in the General Fund	15,938,417
Long Term Liability for Compensated Absences	(295,046)
Long Term Liability for SBITAs	(239,996)
Total Balance from Internal Services Fund	<u>\$ (304,751)</u>
Net Position of Governmental Activities	<u><u>\$ 16,269,568</u></u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Ad valorem taxes	\$ 2,142,172
Personal Property Tax	18,705
Intergovernmental:	
Consolidated taxes	1,761,495
Local Government Tax Act	279,095
Rental income	61,760
Investment income	47,302
Charges for services	42,120
Total revenues	<u>4,352,649</u>
<b>EXPENDITURES</b>	
<b>GENERAL GOVERNMENT</b>	
Current:	
General manager	720,485
Trustees	139,382
Accounting	884,285
Information services	1,394,237
Human resources	198,398
Health & wellness	65,402
Community & employee relations	193,066
Administration	2,418,455
Risk management	103,697
Capital outlay	94,709
Debt Service:	
Principal	109,998
Interest	15,000
Total expenditures	<u>6,337,114</u>
Net change in fund balance	<u>(1,984,465)</u>
Fund Balance, July 1, as previously reported	4,682,526
Restatement for change within financial reporting entity	(1,373,824)
Restatement for correction of error	<u>(23,293)</u>
Fund Balance, July 1, as restated	3,285,409
Fund balance, June 30	<u><u>\$ 1,300,944</u></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 FUND  
 TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2024**

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

Total Net Change in Fund Balance for Governmental Fund	\$ (1,984,465)
Payroll expense associated with compensated absences	(56,727)
Settlement Expense	276,946
Capital Assets acquired during the year and capitalized	85,535
Depreciation expense for the fiscal year	(547,084)
Payments made on SBITAs	109,998
Internal Services change in Net Position	<u>15,250</u>
Change in Net Position of Governmental Activities	<u><u>\$ (2,100,547)</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, 2024**

	Enterprise Funds				
	Utility Fund	Community Services Fund	Beach Fund	Total	Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 16,344,468	\$ 19,193,712	\$ 9,300,989	\$ 44,839,169	\$ -
Accounts receivable	1,681,091	111,138	-	1,792,229	5,220
Lease receivable	-	1,573,428	-	1,573,428	-
Interest receivable	38,027	57,583	20,909	116,519	-
Due from other governments	-	3,755	74,710	78,465	-
Inventories	230,732	446,847	10,148	687,727	55,997
Total current assets	18,294,318	21,386,463	9,406,756	49,087,537	61,217
Noncurrent assets:					
Restricted deposit for debt service reserve	419,945	-	-	419,945	-
Restricted deposit for TRPA deposits	101,988	147,207	1,000	250,195	-
Subtotal	521,933	147,207	1,000	670,140	-
Capital Assets:					
Land	6,715,543	3,886,737	2,304,850	12,907,130	-
Construction in progress	13,245,472	-	311,057	13,556,529	-
Buildings and structures	28,801,714	64,467,534	9,315,417	102,584,665	-
Improvements and Infrastructure	112,756,689	-	-	112,756,689	-
Equipment and vehicles	4,749,061	14,047,998	531,928	19,328,987	240,596
Right of use asset	-	78,537	-	78,537	-
Total capital assets	166,268,479	82,480,806	12,463,252	261,212,537	240,596
Less: accumulated depreciation	(85,946,964)	(46,192,802)	(4,354,338)	(136,494,104)	(213,719)
Total capital assets (net)	80,321,515	36,288,004	8,108,914	124,718,433	26,877
Total noncurrent assets	80,843,448	36,435,211	8,109,914	125,388,573	26,877
Total assets	99,137,766	57,821,674	17,516,670	174,476,110	88,094
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,706,573	800,451	131,462	9,638,486	73,613
Accrued personnel costs	101,693	253,899	98,236	453,828	58,217
Accrued interest payable	62,418	-	-	62,418	-
Due to other funds	-	-	-	-	166,344
Due to other governments	-	-	13,287	13,287	-
Unearned revenue	133,181	2,197,902	63,190	2,394,273	-
Deposits payable	-	466,362	-	466,362	-
Current portion of compensated absences	265,337	271,285	24,925	561,547	76,873
Current maturities of long-term liabilities	468,183	-	-	468,183	-
Total current liabilities	9,737,385	3,989,899	331,100	14,058,384	375,047
Non-current liabilities:					
Compensated absences	124,865	127,663	11,729	264,257	17,798
Non-current long term liabilities	5,890,912	-	-	5,890,912	-
Total non-current liabilities	6,015,777	127,663	11,729	6,155,169	17,798
Deferred lease inflows	-	1,433,347	-	1,433,347	-
Total liabilities and deferred inflows	15,753,162	5,550,909	342,829	21,646,900	392,845
<b>NET POSITION</b>					
Net investment in capital assets	73,962,420	36,288,004	8,108,914	118,359,338	26,877
Restricted deposits	521,933	147,207	1,000	670,140	-
Unrestricted	8,900,251	15,835,554	9,063,927	33,799,732	(331,628)
Total net position	\$ 83,384,604	\$ 52,270,765	\$ 17,173,841	\$ 152,829,210	\$ (304,751)

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, 2024**

	Enterprise Funds				Internal
	Utility Fund	Community Services Fund	Beach Fund	Total	Service Fund
<b>OPERATING REVENUES</b>					
Sales and fees	\$ 15,846,029	\$ 20,981,651	\$ 1,483,753	\$ 38,311,433	\$ -
Recreation fee	-	2,338	3,539,409	3,541,747	-
Operating grants	455	21,741	-	22,196	253
Interfund services	62,105	-	-	62,105	3,809,228
Total operating revenues	15,908,589	21,005,730	5,023,162	41,937,481	3,809,481
<b>OPERATING EXPENSES</b>					
Wages and benefits	5,580,458	11,741,620	1,621,831	18,943,909	2,691,433
Cost of goods sold	-	1,248,217	36,257	1,284,474	-
Services and supplies	3,353,151	4,341,136	625,095	8,319,382	1,063,177
Defensible space	99,105	79,790	-	178,895	-
Central services cost	629,130	1,188,682	138,488	1,956,300	-
Insurance	317,444	379,042	63,854	760,340	23,332
Utilities	1,302,479	1,620,577	171,688	3,094,744	11,586
Professional fees	93,277	75,637	31,478	200,392	1,760
Depreciation	4,377,216	2,934,256	365,851	7,677,323	4,685
Total operating expenses	15,752,260	23,608,957	3,054,542	42,415,759	3,795,973
Operating income (loss)	156,329	(2,603,227)	1,968,620	(478,278)	13,508
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	1,276,787	805,562	263,959	2,346,308	1,742
Insurance proceeds	-	8,857	-	8,857	-
Gain (loss) on sales of assets	-	1,739	-	1,739	-
Lease revenue	-	208,022	-	208,022	-
Interest expense	(92,006)	(1,874)	-	(93,880)	-
Total nonoperating revenues (expenses)	1,184,781	1,022,306	263,959	2,471,046	1,742
Income before transfers and contributions	1,341,110	(1,580,921)	2,232,579	1,992,768	15,250
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital grants	364,011	-	-	364,011	-
Change in net position	1,705,121	(1,580,921)	2,232,579	2,356,779	15,250
Net position, July 1 as previously reported	81,577,078	65,237,011	15,159,525	161,973,614	(613,078)
Restatement for change within financial reporting entity	-	(11,022,190)	-	(11,022,190)	-
Restatement for correction of error	102,405	(363,135)	(218,263)	(478,993)	293,077
Net position, July 1 as restated	81,679,483	53,851,686	14,941,262	150,472,431	(320,001)
Net position, June 30	\$ 83,384,604	\$ 52,270,765	\$ 17,173,841	\$ 152,829,210	\$ (304,751)

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, 2024**

	Enterprise Funds				Internal
	Utility Fund	Community Services Fund	Beach Fund	Total	Services Fund
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 15,789,313	\$ 20,643,955	\$ 5,069,048	\$ 41,502,316	\$ -
Receipts from interfund services provided	62,560	-	-	62,560	3,804,261
Payments to suppliers	(6,191,380)	(8,348,383)	(973,448)	(15,513,211)	(1,039,583)
Payments to employees	(5,450,188)	(11,633,095)	(1,567,130)	(18,650,413)	(2,639,998)
Net cash provided (used) by operating activities	4,210,305	662,477	2,528,470	7,401,252	124,680
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfer to other funds	-	-	-	-	(419,499)
Net cash provided (used) by non-capital financing activities	-	-	-	-	(419,499)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(15,330,960)	(2,848,808)	(280,732)	(18,460,500)	-
Proceeds from capital grants	364,011	-	-	364,011	-
Proceeds from loans	4,309,437	-	-	4,309,437	-
Payments on capital debt	(455,825)	(16,641)	-	(472,466)	-
Interest paid on long term debt	(60,477)	(1,874)	-	(62,351)	-
Net cash provided (used) by capital and related financing activities	(11,173,814)	(2,867,323)	(280,732)	(14,321,869)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings	1,238,760	747,979	243,050	2,229,789	1,742
Net cash provided (used) by investing activities	1,238,760	747,979	243,050	2,229,789	1,742
Net change in cash and cash equivalents	(5,724,749)	(1,456,867)	2,490,788	(4,979,542)	(293,077)
Cash and cash equivalents, July 1, as restated	22,778,835	20,797,786	6,811,201	50,387,822	293,077
Cash, cash equivalents and investments, June 30	\$ 17,054,086	\$ 19,340,919	\$ 9,301,989	\$ 45,220,595	\$ -

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Enterprise Funds				Internal
	Utility Fund	Community Services Fund	Beach Fund	Total	Services Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 156,329	\$ (2,603,227)	\$ 1,968,620	\$ (478,278)	\$ 13,508
Non-cash adjustments -					
Depreciation	4,377,216	2,934,256	365,851	7,677,323	4,685
Nonoperating income	-	8,857	-	8,857	-
Increase (decrease) in cash from changes in:					
Accounts receivable	(208,761)	(13,673)	-	(222,434)	(5,220)
Grants receivable	186,264	-	-	186,264	-
Due from other governments	-	76,977	(14,977)	62,000	-
Inventories	(94,367)	42,081	(10,148)	(62,434)	46,918
Accounts payable	(302,427)	94,042	103,560	(104,825)	13,354
Accrued personnel costs	35,987	378,678	54,987	469,652	26,370
Compensated absences	94,283	25,189	(286)	119,186	25,065
Due to other funds	-	-	-	-	-
Due to other governments	-	-	3,849	3,849	-
Deposits payable	-	153,233	-	153,233	-
Unearned revenue	(34,219)	(433,936)	57,014	(411,141)	-
Total adjustments	4,053,976	3,265,704	559,850	7,879,530	111,172
Net cash provided (used) by operating activities	\$ 4,210,305	\$ 662,477	\$ 2,528,470	\$ 7,401,252	\$ 124,680

There were no significant noncash capital, financing, and investing activities for the year ended June 30, 2024.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

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

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

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

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

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

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

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

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

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

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

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. The General Fund also includes the District's parks, which were moved to the General Fund from the Community Services Fund as of July 1, 2023.

***Proprietary Funds -***

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

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

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

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

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

## **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 12, 2023, 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 25, 2023, at a public hearing, the Board adopted a final budget. On or before June 1, 2023, 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.

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

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

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

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

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

Nevada Revised Statutes authorize the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government investment pool (LGIP) (operated by the Nevada State Treasurer); negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued



by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days.

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

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

## **G. Receivables**

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

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

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

*Grants Receivable.* The District has been awarded grants to finance the construction of various infrastructure projects. Such grant funds are considered earned when requisite construction costs are incurred. The District recognizes funds earned but not collected as Grants Receivable, in the government wide financial statements.

*Other Receivables.* Accounts receivable reflects service charges to customers and resident for deposits or fees that are earned, but not collected. The District may file a tax lien for uncollected utility service fees.

## **H. Inventory and Prepaid Items**

Inventories of items for resale or use are recorded in the Utility, Community Services, Beach Proprietary Funds and the Internal Service Fund and 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, parks, the General Manager's office, communications and the Board of Trustees. The land, buildings, furniture and equipment, including technology assets, represent items used in common by all of the activities of the General Fund at the District's administrative office. The computers and technology represent equipment of the Information Systems & Technology (IST) department that services the needs of the entire District. These assets are presented as a part of government-wide net position.

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

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

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

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

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

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

**K. Amortization of Bond Discounts**

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

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

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

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

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

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

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

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

**N. Unearned Revenue and Refundable Deposits**

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

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

**O. Long-Term Debt**

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

**P. Fund Balance**

In the fund financial statements, fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include "non-spendable" which are not expected to be converted to cash, such as inventory or prepaid items,

“restricted” by conditions of law, regulation grants, or contracts with external parties, “committed” which arise from formal acts of the District’s Board, “assigned” which reflect an intent by management of the District or “unassigned” which is the residual amount. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District, which can act by their resolution, prior to the end of the fiscal year, and thus commit and/or assign fund balance. Once adopted, the limitation imposed by the Board of Trustees remains in place until a similar resolution is taken to remove or revise the limitation.

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

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

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

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

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

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

## T. Punch Cards Utilized

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

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District’s checking deposits was \$9,128,143 while the bank balance was \$10,149,409. 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, 2024 consist of:

Operating Checking Accounts	\$	9,128,143
Petty cash and change funds		45,405
Nevada LGIP General Account		15,049,406
Money Market Mutual Fund		10,966,410
Government Agency Securities		1,902,300
Certificates of Deposit		6,334,291
Supranational Obligations		1,453,602
Total Cash Equivalents and Investments	\$	<u>44,879,557</u>

Restricted Deposits	\$	<u>670,140</u>
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Investments at June 30, 2024 consist of:

Local Government Investment Pool Account	\$	15,719,546
Money Market Mutual Fund		10,966,410
Government Agency Securities		1,902,300
Certificates of Deposit		6,334,291
Supranational Obligations		1,453,602
Total Investments	\$	<u>36,376,149</u>

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.

	Fair Value Measurements as of June 30, 2024			
	Level 1	Inputs	Inputs	Total
Certificates of Deposit	\$ -	\$ 6,334,291	\$ -	\$ 6,334,291
Government Agency Securities	-	1,902,300	-	1,902,300
Supranational Obligations	-	1,453,602	-	1,453,602

Investments not subject to fair value measurement:

Money Market Mutual Fund	10,966,410
Local Government Investment Pool	15,719,546
Total Fair Value Measurements	<u>\$ 36,376,149</u>

**Interest Rate Risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To the extent possible, the District's portfolio shall remain sufficiently liquid so as to support near-term operating and capital expenditures. In so doing, the portfolio will have limited interest rate risk associated with long-term investments.

	Investment Maturities by Investment Type as of June 30, 2024					Total
	2025	2026	2027	2028	2029	
Certificates of Deposit	\$ 1,979,008	\$ 2,923,668	\$ 972,160	\$ 459,455	\$ -	\$ 6,334,291
Government Agency Securities	491,160	482,138	929,002	-	-	1,902,300
Money Market Mutual Fund	10,966,410	-	-	-	-	10,966,410
Local Government Investment Pool	15,719,546	-	-	-	-	15,719,546
Supranational Obligations	1,453,602	-	-	-	-	1,453,602
Total	<u>\$ 30,609,726</u>	<u>\$ 3,405,806</u>	<u>\$ 1,901,162</u>	<u>\$ 459,455</u>	<u>\$ -</u>	<u>\$ 36,376,149</u>

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

	Total	Ratings as of Year End		
		AAA	AA+	Not Rated
Certificates of Deposit	\$ 6,334,291	\$ -	\$ -	\$ 6,334,291
Government Agency Securities	1,902,300	-	1,902,300	-
Money Market Mutual Fund	10,966,410	10,966,410	-	-
Local Government Investment Pool	15,719,546	-	-	15,719,546
Supranational Obligations	1,453,602	494,621	958,981	-
	<u>\$ 36,376,149</u>	<u>\$ 3,346,241</u>	<u>\$ -</u>	<u>\$ 22,053,837</u>

**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 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 \$419,945. 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 \$250,195.

### 4. LEASES RECEIVABLE

The District is a lessor in 4 cancellable leases for radio tower space rental. The leases require payments of \$933 and \$1,815 monthly and annual payments from \$20,764 to \$119,166. The District recognized \$131,864 in lease revenue and \$43,343 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2024, the lease receivable is \$1,573,428 and deferred inflows of resource is \$1,433,347

### 5. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2024:

	Balance 7/1/2023 *	Increases	Decreases	Balance June 30, 2024
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 11,098,740	\$ -	\$ -	\$ 11,098,740
Construction in Progress	39,116	-	(9,174)	29,942
Total governmental capital assets, not being depreciated	11,137,856	-	(9,174)	11,128,682
Capital assets, being depreciated				
Buildings and Structures	8,878,196	-	-	8,878,196
Equipment and Vehicles	3,667,490	94,709	-	3,762,199
Subscription based IT arrangements	454,992	-	-	454,992
Total governmental capital assets, being depreciated	13,000,678	94,709	-	13,095,387
Less accumulated depreciation for:				
Buildings and Structures	(5,237,501)	(214,474)	-	(5,451,975)
Equipment and Vehicles	(2,364,507)	(232,297)	-	(2,596,804)
Subscription based IT arrangements	(104,998)	(104,998)	-	(209,996)
Total accumulated depreciation	(7,707,006)	(551,769)	-	(8,258,775)
Total governmental capital assets being depreciated, net	5,293,672	(457,060)	-	4,836,612
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 16,431,528</b>	<b>\$ (457,060)</b>	<b>\$ (9,174)</b>	<b>\$ 15,965,294</b>

Capital Asset activity for the year ended June 30, 2024:	Balance July 1, 2023*	Increases	Decreases	Balance June 30, 2024
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land - Utilities	\$ 6,715,543	\$ -	\$ -	\$ 6,715,543
Land - Community Services	3,886,737	-	-	3,886,737
Land - Beach	2,304,850	-	-	2,304,850
Construction in progress - Utilities	8,031,295	18,702,286	(13,488,109)	13,245,472
Construction in progress - Community Services	519,798	3,262,091	(3,781,889)	-
Construction in progress - Beach	72,353	328,813	(90,109)	311,057
Total capital assets, not being depreciated	21,530,576	22,293,190	(17,360,107)	26,463,659
Capital assets, being depreciated				
Buildings and structures - Utilities	130,808,449	12,616,316	(1,866,362)	141,558,403
Buildings and structures - Community Services	33,172,771	1,956,991	-	35,129,762
Buildings and structures - Beach	7,234,695	42,029	-	7,276,724
Venue improvements - Community Services	29,337,771	-	-	29,337,771
Venue improvements - Beach	2,038,694	-	-	2,038,694
Equipment and vehicles - Utilities	3,845,634	903,445	-	4,749,079
Equipment and vehicles - Community Services	13,006,164	1,596,038	(549,365)	14,052,837
Right to use leased equipment - Community Services	78,537	-	-	78,537
Equipment and vehicles - Beach	531,928	-	-	531,928
Total capital assets at historical cost	220,054,643	17,114,819	(2,415,727)	234,753,735
Less accumulated depreciation for:				
Buildings and structures - Utilities	(80,487,438)	(4,110,656)	1,866,362	(82,731,732)
Buildings and structures - Community Services	(16,858,917)	(1,151,375)	-	(18,010,292)
Buildings and structures - Beach	(2,007,750)	(217,583)	-	(2,225,333)
Venue improvements - Community Services	(18,427,394)	(813,073)	-	(19,240,467)
Venue improvements - Beach	(1,585,731)	(109,841)	-	(1,695,572)
Equipment and vehicles - Utilities	(2,948,671)	(266,560)	-	(3,215,231)
Equipment and vehicles - Community Services	(8,445,204)	(957,886)	539,327	(8,863,763)
Right to use leased equipment - Community Services	(66,615)	(11,922)	-	(78,537)
Equipment and vehicles - Beach	(394,750)	(38,427)	-	(433,177)
Total accumulated depreciation	(131,222,470)	(7,677,323)	2,405,689	(136,494,104)
Total capital assets being depreciated, net	88,832,173	9,437,496	(10,038)	98,259,631
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 110,362,749</b>	<b>\$ 31,730,686</b>	<b>\$ (17,370,145)</b>	<b>\$ 124,723,290</b>

\* Balance as of June 30, 2023 has been restated to transfer Park capital assets from Community Services to Governmental Activities.

The District has a number of Construction in Progress projects open as of June 30, 2024. The Utility Fund includes \$6,959,728 for the Effluent Export Line that project will be ongoing through in 2026. It is important to note that the District's primary construction season is limited to May to October due to regulatory constraints imposed by the Tahoe Regional Planning Agency (TRPA). Additionally, most equipment purchases (rolling stock) are aligned with the District's annual budget and fiscal year cycle.

Depreciation expenses for the year ended June 30, 2024 were charged to functions as follows:

Governmental Activities:	
General Government	\$ 551,769
Business-Type Activities:	
Utilities	4,377,216
Community Services	2,934,256
Beach	365,851
Total Proprietary Depreciation	7,677,323
Total Depreciation Expense	<u>\$ 8,229,092</u>



## 6. COMPENSATED ABSENCES

At any given point the District has an obligation to its employees for the value of vacation time earned and not taken. The obligation is measured by the value due as if the employee terminated. The District allows retiring employees with an excess of 20 years of service, and that have accrued sick leave, to have it converted to Medical Retiree Benefit for reimbursing post-employment health related costs. There are 4 eligible employees covered. The District has no other post-employment benefit obligations for health insurance or retirement benefits.

	Balance			Amount due	
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2024</u>	<u>within one year</u>
Sick Leave Retirement Benefit	\$ 292,953	\$ 68,606	\$ (27,251)	\$ 334,308	\$ 313,297
Accrued Vacation	<u>721,590</u>	<u>960,436</u>	<u>(800,813)</u>	<u>881,213</u>	<u>564,661</u>
Total compensated absences	<u>\$ 1,014,543</u>	<u>\$ 1,029,042</u>	<u>\$ (828,064)</u>	<u>\$ 1,215,521</u>	<u>\$ 877,958</u>

## 7. UNEARNED REVENUE

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

	Community			
	<u>Services</u>	<u>Beach</u>	<u>Utility</u>	<u>Total</u>
Billed in advance	\$ 846,676	\$ 63,190	\$ 133,181	\$ 1,043,047
Unexpired season passes	1,305,111	-	-	1,305,111
Gift cards	46,115	-	-	46,115
Total	<u>\$ 2,197,902</u>	<u>\$ 63,190</u>	<u>\$ 133,181</u>	<u>\$ 2,394,273</u>

## 8. INTERFUND ACCOUNTS AND TRANSFERS

The outstanding balances between funds results mainly from the time lag between the dates that (1) inter fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund receivables and payables resulted from short-term borrowing to cover negative cash balances. Interfund receivable and payable balances at June 30, 2024 are as follows:

	<u>Due To</u>	<u>Due from</u>	<u>Amount</u>
Internal Service Fund		General Fund	<u>\$166,344</u>

## 9. LONG-TERM DEBT

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

### Outstanding Long-Term Debt as of June 30, 2024:

<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>
<b>Governmental Activities:</b>						
SBITA Payable	6/30/2024	7/1/2027	4.00%	454,992	\$ 239,996	\$ 114,998
<b>Total Governmental Long-Term Liabilities</b>					<u>239,996</u>	<u>114,998</u>
<b>Business-Type Activities:</b>						
<b>Utility</b>						
State of Nevada:						
Water IVGID-1	9/9/2004	7/1/2025	3.08%	1,687,282	165,351	109,388
Sewer CS32-0404 (G.O.)	8/1/2006	1/1/2026	2.73%	3,000,000	401,311	197,940
Water DW-1201 (G.O.)	3/16/2012	1/1/2032	2.39%	3,000,000	1,400,496	160,855
Water SRF -CW2303	4/11/2023	1/1/2053	2.19%	15,760,000	4,336,937	-
Water SRF -CW2402	1/1/2024	1/1/2053	2.19%	15,760,000	55,000	-
<b>Total Utility Revenue Supported Debt</b>					<u>6,359,095</u>	<u>468,183</u>
<b>Total Debt – All Activities</b>					<u>\$ 6,599,091</u>	<u>\$ 583,181</u>

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

	Beginning Balance	New Issues	Principal Reductions	Ending Balance	Due Within One Year
SBITAs Payable	\$ 349,994	\$ -	\$ 109,998	\$ 239,996	\$ 114,998
Governmental Type ActivitiesTotal	349,994	-	109,998	239,996	114,998
Water IVGID-1	271,444	-	106,093	165,351	109,388
Sewer CS32-0404 (GO)	593,965	-	192,654	401,311	197,940
Water DW-1201 (GO)	1,557,574	-	157,078	1,400,496	160,855
Water SRF -CW2303	82,500	4,254,437	-	4,336,937	-
Water SRF -CW2402	-	55,000	-	55,000	-
PNC Equipment Lease	16,641	-	16,641	-	-
Business Type Total	2,522,124	4,309,437	472,466	6,359,095	468,183
<b>Total Debt</b>	<b>\$ 2,872,118</b>	<b>\$ 4,309,437</b>	<b>\$ 582,464</b>	<b>\$ 6,599,091</b>	<b>\$ 583,181</b>

**By Debt Type:**

General Obligation	\$ 2,151,539	\$ -	\$ 349,732	\$ 1,801,807	\$ 358,795
Revenue	271,444	-	106,093	165,351	109,388
SRF Loan	82,500	4,309,437	-	4,391,937	-
SBITAs Payable	349,994	-	109,998	239,996	114,998
Lease	16,641	-	16,641	-	-
<b>Total Debt</b>	<b>\$ 2,872,118</b>	<b>\$ 4,309,437</b>	<b>\$ 582,464</b>	<b>\$ 6,599,091</b>	<b>\$ 583,181</b>

**Future Debt Service Requirements as of June 30, 2024:**

Fiscal Year Ending June 30	Debt Supported by			
	Utility Revenue		SBITAs Payable	
	Principal	Interest	Principal	Interest
2025	\$ 468,183	\$ 46,373	\$ 114,998	\$ 10,000
2026	424,055	33,677	124,998	-
2027	168,683	24,689	-	-
2028	172,739	20,633	-	-
2029	176,892	16,480	-	-
2030-2032	556,606	23,510	-	-
Total	<u>\$ 1,967,158</u>	<u>\$ 165,362</u>	<u>\$ 239,996</u>	<u>\$ 10,000</u>

The Water SRF – CW2303 loan balance of \$4,336,937 and Water SRF – CW2402 loan balance of \$55,000 is not included in the debt service requirement schedule above as the payment terms have not yet been determined.

At June 30, 2024, principal and interest to maturity to be paid from pledged future Utility Revenues totals \$1,967,158 and \$165,362.

**Subscription-Based Information Technology Arrangements**

Subscription-based information technology arrangements (SBITAs) that meet the requirements of GASB 96 for which the District is a subscriber are disclosed as SBITA liabilities on the District's financial statements that are presented on the accrual basis of accounting with an economic resources measurement focus. Included in the District's SBITA liabilities are subscriptions related to Enterprise Resource Planning system (Tyler Munis). GASB 96 excludes certain outflows (e.g., certain variable payments, etc.) from the measurement of SBITA liabilities. Future subscription payments for the District's SBITA liabilities are included in the schedule above. At June 30, 2024, capital assets net of accumulated depreciation related to these SBITA arrangements are \$244,996.

## 10. DISTRICT RETIREMENT BENEFIT PLANS

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

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

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

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

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

<u>FYE June 30</u>	<u>401(a) Money Purchase</u>	<u>Operating Engineers</u>	<u>Employer Section 457</u>	<u>Employee Section 457</u>
2024	<u>\$1,257,372</u>	<u>\$ 134,943</u>	<u>\$ 528,065</u>	<u>\$ 755,405</u>

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.

## 11. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

Insurance Coverage on June 30, 2024 consists of the following:

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

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

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

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

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

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

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

## 12. PLEDGED REVENUE AND COVERAGE

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

For the current year, debt service payments as a percentage of pledged gross revenue are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledge Revenue</u>	<u>Annual Amount of Pledged Revenue</u>	<u>Annual Debt Service Payments</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Sewer Service Revenue	\$8,837,018	\$207,536	2.35%
Water Service Revenue	6,437,227	307,020	4.77%

### 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>
FY2023	\$763,479	-	356,533	406,946
FY2024	\$406,946	130,000	(406,946)	130,000

### 14. BOARD DESIGNATIONS

At its meeting of March 3, 2020, the Board of Trustees took action to assign \$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 for this purpose. As of June 30, 2021, an additional \$1,889,210 in unexpended FY2020/21 appropriations were designated for this project. When combined with an additional \$754,568 in accrued interest earnings, the total funding designated by the Board of Trustees for the Effluent Export Pipeline Project amounted to \$14,213,435. As of June 30, 2024 the level of funding set-aside by the Board for this purpose was used as a result of project spending. In fiscal year 2023 additional project funds were secured through a State Revolving Fund loan. Funds designated for the Effluent Export Pipeline Project represent a portion of funds received by the District from utility rate revenues established and collected specifically for Utility capital improvement projects.

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

### 15. LEASE AGREEMENTS

#### Revenue:

Non-operating revenue includes rent received for cell towers on District property. The District has an agreement with American Tower for a tower at the Mountain Golf Course. The current term started in April 2017, and was extended five years through 2027 with rent increases of \$3 per year, cancelable by either party. The District has two agreements with AT&T for a tower at the Mountain Golf Course and a tower at Diamond Peak. The term for the tower at the Mountain Golf Course Tower started in October 2015 and was extended five years, through 2039, with rent increases of \$3 per year, cancelable by the tenant. The tower at Diamond Peak Ski Resort has a term started in July 2018 for 5 years and was extended five years, with rent increases of 3.5% per year, cancelable by the tenant, through 2037. The District has an agreement with T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort with a term from June 2017 to 2027. In fiscal year 2024 the District received from these agreements \$208,022 in lease revenue and \$41,802 in interest revenue.

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

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

**Expenses:**

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

**16. COMMUNITY SERVICES AND BEACH FUNDS**

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

**17. COMMITMENTS AFFECTING FUTURE PERIODS**

**General Fund:**

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$212,700 for calendar year 2024 services. As of June 30, 2024, \$106,350 in quarterly deposits are remaining as a part of the subsequent year's budget.

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

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

Utility Fund	\$29,739,707
Community Services Fund	20,500
Beach Fund	<u>7,643</u>
Total Carry Forward	<u>\$29,767,849</u>

The District has committed to contractual obligations for selected capital improvement projects through contracts, resulting in encumbered funds at year-end. These are included in the appropriations carry-forward to the FY2024/25 budget, and are summarized as follows:

PO Number	Fund	Description	Total Amount	Remaining Balance	Vendor
22400050	Beach	Axess - RFID Beach Access	\$ 11,584	\$ 7,624	Axess Americas INC
22400221	Beach	Axess - RFID Smart Scanner 600	7,624	-	Axess Americas INC
22400267	Beach	Incline Beach House & Ski Beach Topo Survey.	21,750	18	Shaw Engineering, LTD
22400284	Beach	Incline Beach House Geotech Investigation	10,300	-	Black Eagle Consulting, Inc.
22400287	Community Services	Rec Center HVAC Design Work	185,500	5,500	Ainsworth Associates Mechanical Engineers
22400068	Community Services	Snowmaking Infrastructure Replacement	413,169	15,000	TechnoAlpin USA, Inc
22400260	Golf	Skate Park 30% Design	20,000	-	Spohn Ranch Inc
22400236	Utility	Alder Avenue Waterlines - Construction.	536,517	-	Gerhardt & Berry Construction Inc
22400231	Utility	Amendment 10; Effluent Tank construction.	200,157	133,795	Jacobs Engineering Group Inc
22400302	Utility	BCWDP Cable Replacement	11,954	1,682	DXP Enterprises, Inc.
22400168	Utility	Effluent Export Pipeline Construction, GMP 2	46,744,705	28,720,462	Granite Construction Company
22400273	Utility	Effluent Pipeline Construction Services	59,141	36,970	HDR Engineering, Inc.
22400232	Utility	Effluent Storage Tank CMAR Project - Construction	6,636,174	508,988	Granite Construction Company
22400186	Utility	SPS #1 Improvements Project.	1,173,500	274,607	San Joaquin Electric, Inc.
22400185	Utility	SPS 1 Construction Management services.	29,620	7,383	DOWL, LLC
22400080	Utility	SPS 1 Mechanical Engineer sub-consultant.	17,250	1,331	DOWL, LLC
22400148	Utility	WRRF Centrifuge repair/maintenance.	171,880	54,489	Centrisys Corporation

Total Carryforward      \$ 56,250,825    \$ 29,767,849

## 18. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District's estimated share of abatements for this fiscal year is \$7,142.

## 19. PRIOR PERIOD RESTATEMENTS

During the current fiscal year, the District identified errors in the previously issued financial statements for the year ended June 30, 2023. As a result, the beginning fund balances and net position as of July 1, 2023, have been restated.

In addition, effective July 1, 2023, the District's Board of Directors approved the reclassification of Park activities from the Community Services Fund to the General Fund. The activity was previously reported as a proprietary fund; however, the Board determined that its operations are more appropriately reflected within governmental activities.

The following table summarizes the effects of these restatements on the beginning fund balances and net position as of July 1, 2023:

	Fund Financial Statements					Statement of Activities	
	<u>General Fund</u>	<u>Community Services Fund</u>	<u>Utility Fund</u>	<u>Beach Fund</u>	<u>Internal Service Fund</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Fund Balance / Net Position							
As reported at June 30, 2023	<u>\$ 4,682,526</u>	<u>\$ 65,237,011</u>	<u>\$ 81,577,078</u>	<u>\$ 15,159,525</u>	<u>\$ (613,078)</u>	<u>\$ 7,078,141</u>	<u>\$ 161,973,614</u>
Change within financial reporting entity:							
Park activities	(1,373,824)	(11,022,190)	-	-	-	11,022,190	(11,022,190)
Correction of errors:							
Accrued liabilities	(5,612)	-	-	-	-	(5,612)	-
Unrecorded receivables	-	-	173,383	-	-	-	173,383
Unearned revenue	-	(363,135)	(13,845)	-	-	-	(376,980)
Correction of internal service charges for services	(17,681)	-	(57,133)	(218,263)	293,077	275,397	(275,396)
Total Restatement	<u>(1,397,117)</u>	<u>(11,385,325)</u>	<u>102,405</u>	<u>(218,263)</u>	<u>293,077</u>	<u>11,291,975</u>	<u>(11,501,183)</u>
Fund Balance, July 1, as restated	<u>\$ 3,285,409</u>						
Net position, July 1, as restated		<u>\$ 53,851,686</u>	<u>\$ 81,679,483</u>	<u>\$ 14,941,262</u>	<u>\$ (320,001)</u>	<u>\$ 18,370,116</u>	<u>\$ 150,472,431</u>

## 20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded budgeted appropriations in the following funds for the fiscal year ended June 30, 2024:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
Utilities Fund	\$ 15,545,524	\$ 15,752,260	\$ (206,736)
Community Service Fund	23,570,366	23,608,957	(38,591)
Beach Fund	2,777,687	3,054,542	(276,855)
Internal Service Fund	3,519,107	3,795,973	(276,866)



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

For the year ending June 30:	<b>Operating Engineers</b>		
	<u>Number of Participants</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>
2024	11	1,017,303	134,943
2023	7	571,293	54,149
2022	4	407,132	54,149
2021	4	373,171	45,900
2020	4	323,455	39,810
2019	4	318,699	39,200
2018	4	308,114	37,898
2017	4	315,764	38,839
2016	5	346,008	42,559
2015	4	275,846	33,929

See notes to required supplementary information

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,145,020	\$ 2,145,020	\$ 2,142,172	\$ (2,848)
Personal Property Tax	13,000	13,000	18,705	5,705
Intergovernmental:				
Consolidated Tax	1,910,494	1,910,494	1,761,495	(148,999)
Local Government Tax Act	269,300	269,300	279,095	9,795
Rental income	-	-	61,760	61,760
Investment income	111,000	111,000	47,302	(63,698)
Charges for services	-	-	42,120	42,120
Total revenues	<u>4,448,814</u>	<u>4,448,814</u>	<u>4,352,649</u>	<u>(96,165)</u>
<b>EXPENDITURES</b>				
Current:				
General manager	843,589	843,589	720,485	123,104
Trustees	201,395	201,395	139,382	62,013
Accounting	352,171	1,761,433	884,285	877,148
Information services	1,525,398	1,579,042	1,394,237	184,805
Human resources	341,516	341,516	198,398	143,118
Health & wellness	68,529	68,529	65,402	3,127
Community & employee relations	227,248	227,248	193,066	34,182
Administration	1,428,645	1,428,645	2,418,455	(989,810)
Risk management	165,885	165,885	103,697	62,188
Capital Outlay	2,382,443	2,130,517	94,709	2,035,808
Debt Service:				
Principal	-	-	109,998	(109,998)
Interest	-	-	15,000	(15,000)
Total expenditures	<u>7,536,819</u>	<u>8,747,799</u>	<u>6,337,114</u>	<u>2,410,685</u>
Net change in fund balance	<u>(3,088,005)</u>	<u>(4,298,985)</u>	<u>(1,984,465)</u>	<u>2,314,520</u>
Fund Balance, July 1, as previously reported	4,682,526	4,682,526	4,682,526	-
Restatement for change within financial reporting entity	-	(1,373,824)	(1,373,824)	-
Restatement for correction of error	-	(23,293)	(23,293)	-
Fund Balance, July 1, as restated	<u>4,682,526</u>	<u>3,285,409</u>	<u>3,285,409</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,594,521</u>	<u>\$ (1,013,576)</u>	<u>\$ 1,300,944</u>	<u>\$ 2,314,520</u>

See notes to required supplementary information.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
UTILITIES FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 16,141,216	\$ 16,141,216	\$ 15,846,029	\$ (295,187)
Operating grants	-	-	455	455
Interfund services	64,270	64,270	62,105	(2,165)
Total operating revenues	16,205,486	16,205,486	15,908,589	(296,897)
<b>OPERATING EXPENSES</b>				
Wages and benefits	5,712,748	5,712,748	5,580,458	132,290
Services and supplies	3,837,488	5,061,450	3,353,151	1,708,299
Defensible space	100,000	100,000	99,105	895
Central services cost	-	-	629,130	(629,130)
Insurance	261,200	261,200	317,444	(56,244)
Utilities	1,112,376	1,112,376	1,302,479	(190,103)
Professional fees	172,050	172,050	93,277	78,773
Depreciation	3,125,700	3,125,700	4,377,216	(1,251,516)
Total operating expenses	14,321,562	15,545,524	15,752,260	(206,736)
Operating income	1,883,924	659,962	156,329	(503,633)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	352,600	352,600	1,276,787	924,187
Interest expense	(58,730)	(58,730)	(92,006)	(33,276)
Total nonoperating revenues (expenses)	293,870	293,870	1,184,781	890,911
Income before transfers and contributions	2,177,794	953,832	1,341,110	387,278
Capital Grant Contributions	-	5,529,250	364,011	(5,165,239)
Change in net position	2,177,794	6,483,082	1,705,121	(4,777,961)
Total net position, July 1 as previously reported	81,577,078	81,577,078	81,577,078	-
Restatement for correction of error	-	102,405	102,405	-
Net position, July 1 as restated	81,577,078	81,679,483	81,679,483	-
Total net position, June 30	\$ 83,754,872	\$ 88,162,565	\$ 83,384,604	\$ (4,777,961)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 22,122,542	\$ 22,122,542	\$ 20,981,651	(1,140,891)
Operating grants	116,984	116,984	21,741	(95,243)
Recreation fee	-	-	2,338	2,338
Total operating revenues	22,239,526	22,239,526	21,005,730	(1,233,796)
<b>OPERATING EXPENSES</b>				
Wages and benefits	10,793,062	10,793,062	11,741,620	(948,558)
Cost of goods sold	1,685,505	1,685,505	1,248,217	437,288
Services and supplies	4,992,394	5,320,347	4,341,136	979,211
Defensible space	100,000	100,000	79,790	20,210
Central services cost	1,188,682	1,552,682	1,188,682	364,000
Insurance	485,900	485,900	379,042	106,858
Utilities	1,147,515	1,147,515	1,620,577	(473,062)
Professional fees	40,255	40,255	75,637	(35,382)
Depreciation	2,445,100	2,445,100	2,934,256	(489,156)
Total operating expenses	22,878,413	23,570,366	23,608,957	(38,591)
Operating income	(638,887)	(1,330,840)	(2,603,227)	(1,272,387)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	407,900	407,900	805,562	397,662
Loss on disposition of capital assets	-	-	1,739	1,739
Insurance proceeds	-	-	8,857	8,857
Lease revenue	128,950	128,950	208,022	79,072
Interest expense	-	-	(1,874)	(1,874)
Total nonoperating revenues (expenses)	536,850	536,850	1,022,306	485,456
Change in net position	(102,037)	(793,990)	(1,580,921)	(786,931)
Total net position, July 1	53,851,686	53,851,686	53,851,686	-
Total net position, June 30	\$ 53,749,649	\$ 53,057,696	\$ 52,270,765	\$ (786,931)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
BEACH FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
<b>OPERATING REVENUES</b>				
Sales and fees	\$ 1,297,900	\$ 1,297,900	\$ 1,483,753	\$ 185,853
Recreation fee	3,525,340	3,525,340	3,539,409	14,069
Total operating revenues	4,823,240	4,823,240	5,023,162	199,922
<b>OPERATING EXPENSES</b>				
Wages and benefits	1,162,001	1,162,001	1,621,831	(459,830)
Cost of goods sold	-	-	36,257	(36,257)
Services and supplies	619,879	959,448	625,095	334,353
Central services cost	138,488	179,688	138,488	41,200
Insurance	48,600	48,600	63,854	(15,254)
Utilities	113,100	113,100	171,688	(58,588)
Professional fees	17,850	17,850	31,478	(13,628)
Depreciation	297,000	297,000	365,851	(68,851)
Total operating expenses	2,396,918	2,777,687	3,054,542	(276,855)
Operating income	2,426,322	2,045,553	1,968,620	(76,933)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	96,400	96,400	263,959	167,559
Total nonoperating revenues (expenses)	96,400	96,400	263,959	167,559
Change in net position	2,522,722	2,141,953	2,232,579	90,626
Total net position, July 1 as previously reported	15,159,525	15,159,525	15,159,525	-
Restatement for correction of error	-	(218,263)	(218,263)	-
Net position, July 1 as restated	15,159,525	14,941,262	14,941,262	-
Total net position, June 30	\$ 17,682,247	\$ 17,083,215	\$ 17,173,841	\$ 90,626

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
INTERNAL SERVICES FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET AND ACTUALS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>OPERATING REVENUES</b>				
Interfund services	\$ 3,584,623	\$ 3,584,623	\$ 3,809,228	\$ 224,605
Operating grants	-	-	253	253
Total operating revenues	3,584,623	3,584,623	3,809,481	224,858
<b>OPERATING EXPENSES</b>				
Wages and benefits	2,494,198	2,494,198	2,691,433	(197,235)
Services and supplies	973,509	973,509	1,063,177	(89,668)
Insurance	19,500	19,500	23,332	(3,832)
Utilities	9,700	9,700	11,586	(1,886)
Professional fees	15,000	15,000	1,760	13,240
Depreciation	7,200	7,200	4,685	2,515
Total operating expenses	3,519,107	3,519,107	3,795,973	(276,866)
Operating income	65,516	65,516	13,508	(52,008)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses)	-	-	1,742	1,742
Total nonoperating revenues (expenses)	-	-	1,742	1,742
Change in net position	65,516	65,516	15,250	(50,266)
Total net position, July 1 as previously reported	(613,078)	(613,078)	(613,078)	-
Restatement for correction of error	-	293,077	293,077	-
Net position, July 1 as restated	(613,078)	(320,001)	(320,001)	-
Total net position (deficit), June 30	\$ (547,562)	\$ (254,485)	\$ (304,751)	\$ (50,266)

**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**

**Independent Auditor's Report**

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

We have audited, 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, 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 (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued a qualified opinion because we were unable to obtain sufficient appropriate audit evidence supporting \$743,724 of inventories at June 30, 2024. Our report thereon is dated June 11, 2025.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting 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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 deficiencies described in 2024-001 through 2024-004 and 2024-006 to be material weaknesses.

**2024-001 Journal Entries Detected During the Audit**

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.

Material and immaterial audit adjustments recorded during the audit are included in the attached schedule.

#### 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

Management agrees with the recommendation and recognizes the importance of identifying and recording all necessary adjustments prior to the commencement of the annual audit.

The year-end checklist and closing timeline, initially developed for fiscal year 2023, will be revised and expanded to include all key areas that resulted in audit adjustments. The updated checklist will serve as a comprehensive tool to guide the year-end close and ensure timely completion of all required reconciliations, schedules, and entries.

In addition, management will provide targeted training to accounting staff to ensure they understand the year-end procedures, the importance of timely and accurate entries, and the necessity of communicating any complex or uncertain items to auditors in advance.

These improvements will strengthen the District's internal controls over financial reporting and improve the accuracy and completeness of financial statements prior to the audit.

### **2024-002 Timeliness of Financial Reporting and Account Reconciliations**

Due to the introduction of a new accounting system in July 2022 and significant turnover of District finance staff during 2023 and 2024, there was a significant delay in financial reporting and account reconciliations including bank reconciliations and reconciliations of accounting system balances to subsidiary ledgers.

#### Recommendation

To allow management and the Board of Trustees with accurate and timely information to enable them to make informed decisions, the bank reconciliations should be completed within 30 days of month end. The District staff should reconcile other asset and liability balances to subsidiary listings on a monthly basis to ensure there are no errors in the financial statements. This would include reconciling receivables, payables, and unearned revenues to supporting documentation. Capital asset accounting should be recorded and reconciled throughout the year to ensure the accuracy of the accounting records. The District should ensure their staffing and systems are sufficient to allow for timely reporting to meet State and other reporting deadlines.

#### Management's Response Regarding Corrective Action Taken or Planned

Management acknowledges the delays in financial reporting and account reconciliations that occurred due to the implementation of a new accounting system and staff turnover in fiscal years 2023 and 2024.



To address these challenges, the District is taking the following corrective actions:

- **Bank Reconciliations:** Procedures have been updated to ensure that all bank reconciliations are completed within 30 days of month-end. This timeline is being monitored and enforced as part of the monthly closing process.
- **Monthly Reconciliations:** Staff are now required to reconcile all key asset and liability accounts—such as receivables, payables, and unearned revenues—to supporting documentation on a monthly basis. These reconciliations are being reviewed by supervisory personnel for accuracy and completeness.
- **Capital Asset Accounting:** Interim procedures have been established to record and reconcile capital asset activity throughout the fiscal year. The planned implementation of the Capital Asset Module in FY25–26 will further improve the accuracy and timeliness of capital asset reporting.
- **Staffing and Training:** Management is actively evaluating staffing levels and has initiated targeted training to ensure all accounting personnel are equipped to meet financial reporting deadlines and maintain accurate records.

### **2024-003 Physical Inventory Observation**

For the fiscal year ended June 30, 2024, the District staff performed a physical observation and count of inventory assets held at several locations. However, a physical observation and count of inventory assets was not performed at the Diamond Peak Pro Shop and for the Internal Service Fund parts inventory. We also identified several fuel inventory and inventory clearing accounts with negative balances in the Community Services Fund totaling \$69,130. Additionally, we performed test counts of 40 inventory items at the Champion Pro Shop and the Mountain Pro Shop at June 30, 2024. For 20% of the sample, there were differences between the number of items we counted and the number of items reported in the accounting records. As a result, we are unable to obtain sufficient audit evidence that the amounts in the accounting records are accurate.

#### **Recommendations**

We recommend that the District perform annual physical observation and counts of inventory on all assets held as inventory. After the physical observation is performed, the accounting records should be adjusted to update the quantity of each item to match the quantity physically observed. Fuel inventory and other clearing accounts should also be evaluated and reconciled to ensure accurate reporting.

#### **Management's Response Regarding Corrective Action Taken or Planned**

Management agrees with the recommendation and acknowledges the need to strengthen controls and oversight related to inventory management and reporting.

To address the findings, the District is implementing the following corrective actions:

- **Annual Physical Inventory:** Beginning in fiscal year 2025, the District will ensure that a complete physical inventory count is conducted annually at all locations that maintain inventory, including the Golf Shop and the Internal Service Fund parts inventory. A standardized inventory count schedule and checklist will be developed and followed across all departments.
- **Inventory Record Adjustments:** After each physical inventory count, quantities in the accounting system will be reconciled and adjusted, as necessary, to reflect actual on-hand amounts. Variances will be reviewed and investigated by management to identify and correct underlying causes.
- **Fuel and Inventory Clearing Accounts:** The District will evaluate and reconcile all fuel inventory and inventory clearing accounts monthly to ensure accurate balances. Procedures will be updated to prevent and promptly correct negative

balances in these accounts.

- **Training and Oversight:** Staff involved in inventory tracking and reporting will receive additional training on proper inventory procedures and documentation requirements. Supervisory review will be incorporated into the inventory reconciliation process to ensure accountability and accuracy.

Management is committed to improving the accuracy and reliability of inventory reporting as part of the District's overall financial management practices.

#### **2024-004 Bank Reconciliations and Journal Entry Errors**

In October 2024, we reviewed the June 2024 bank reconciliation and noted an unreconciled variance of \$24,319. To correct the variance, the District recorded a journal entry to plug the difference to an Over & Short expense account without first identifying the reason for the variance. The bank reconciliation is an important tool to allow the District to verify that all cash transactions are recorded during the month. At June 30, 2024, there are also approximately \$77,000 of outstanding checks that have been outstanding for more than a year. Stale dated outstanding checks should be investigated and potentially written off if it is unlikely that they will be cashed.

Similar to the bank reconciliation variance noted above, during our audit we observed certain journal entries that were made to plug balances to reconcile other accounts, such as capital assets.

##### Recommendation

There appears to be a lack of care taken to completely understand the reason for errors prior to correcting them, and instead a tendency to hide errors to make them go away. This is a cultural problem that should not be tolerated by management. The bank reconciliation should be reconciled to \$0 every month and no journal entries should be recorded to hide or plug unresolved errors. This District should make improvements to their review process for bank reconciliations and journal entries to ensure accurate financial reporting.

##### Management's Response Regarding Corrective Action Taken or Planned

Management concurs with the need for improvement and will implement appropriate training and engage experienced accounting personnel to ensure that bank reconciliations are completed accurately and in accordance with Generally Accepted Accounting Principles (GAAP) and applicable accounting standards.

#### **2024-006 Tyler ERP Implementation Issues**

In July 2022, the District implemented the new Tyler ERP system. There are several components of the implementation that are not yet complete or need to be modified to allow the District to utilize the system correctly. As it relates to the financial statement audit, those issues include the following:

1. The accounts payable detail in Tyler does not reconcile to the amounts reported in the trial balance.
2. The system allows journal entries to be split between different funds without balancing entries. This creates an opportunity for errors in recording accounting transactions. For example, during the audit, we identified a receivable recorded in the General Fund while the revenue for the same transaction was recorded in an Enterprise Fund. In this situation, when the receivable is collected, the cash will be recorded in the General Fund instead of the Enterprise Fund.

3. The system has a separate fund that is not part of the financial reporting entity that is used to balance cash and payroll transactions. This fund should net to \$0 after payroll liabilities have been paid. However, during the audit, we identified balances in the clearing accounts that resulted in errors in the manner in which the payroll journal entries were recorded in the system.
4. The payroll system is not correctly mapped to the trial balance, resulting in the need for manual journal entries to record payroll transactions.
5. The capital asset module has not yet been implemented.

#### Recommendation

We recommend the District continue to work through the implementation issues with the Tyler software to allow the system to work properly without manual adjustment by District staff.

#### Management's Response Regarding Corrective Action Taken or Planned

- **Accounts Payable Reconciliation:** Management has addressed the issue of unreconciled aging reports with the general ledger. Procedures have been implemented to ensure that accounts payable aging reports remain current and reconciled with subsidiary ledgers on a monthly basis. This task is now incorporated into the month-end closing procedures.
- **Staff Training and Allocation Oversight:** Management has recognized the need for enhanced training on allocation processes and pooled cash management. Oversight controls have been strengthened to ensure that entries are reviewed with appropriate supporting documentation before being posted to the general ledger.
- **Payroll Journal Entry Process:** Management has identified the journal entries automatically generated by the Tyler payroll system after each pay period, as well as additional entries required for payments to third-party vendors (e.g., deferred compensation plans, health insurance premiums).
- **Payroll System Understanding:** Management acknowledges that staff previously lacked a full understanding of the payroll system's journal entry automation, which led to unnecessary manual entries. These manual entries have been discontinued.
- **Capital Asset Module Implementation:** Management has scheduled the rollout of the Capital Asset Module for fiscal year 2025–2026.

*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 deficiencies described in 2024-007 through 2024-011 to be significant deficiencies.

#### **2024-007 Information System Controls**

We identified the following opportunities for improvements over the District's information systems:

1. The District does not perform a periodic review of user accounts to sensitive systems, including access to the network and financial software. District staff said they do perform informal reviews, but the timing is inconsistent and does not encompass all sensitive systems.
2. The District does not perform regular review of user system access in Tyler. Additionally, the District does not maintain a list of individuals authorized to initiate and approve transactions in Tyler.
3. The District could improve environmental controls over the administrative facility data center/computer room. Specifically, there is no automated fire suppression system to detect or prevent damage.

### Recommendation

We recommend the District perform periodic review of user access to sensitive systems, including active directory, financial systems, and remote access. The review should be completed on a periodic basis based on the risk of the system. The Tyler system access rights were originally established in July 2022. However, the District should periodically review the rights and continue to set up the system access to identify who has the authority to initiate and approve disbursements in the system. The District should also review environmental controls to determine if improvements are needed.

### Management's Response Regarding Corrective Action Taken or Planned

Management agrees with the recommendation and recognizes the importance of maintaining strong information system controls to safeguard sensitive data and financial systems.

To address the findings, the District is taking the following corrective actions:

- **User Access Reviews:** The District has implemented a formal, documented process for conducting periodic reviews of user accounts with access to sensitive systems, including Active Directory, Tyler Technologies (financial software), and remote access to tools. These reviews occur at least annually, or more frequently based on risk, and include verification of appropriate access levels, prompt removal of terminated users, and alignment of access with current job responsibilities.
- **Tyler System Controls:** The District has established and maintains a current list of individuals authorized to initiate and approve financial transactions within the Tyler system. In addition, access roles and permissions within Tyler will be reviewed at least annually to ensure segregation of duties and appropriate access controls are in place. Any updates to access rights will be documented and reviewed by supervisory staff.
- **Environmental Controls:** The District will assess the administrative facility's data center for vulnerabilities related to environmental risks, including the lack of an automated fire suppression system. Based on this assessment, management will develop a plan to mitigate potential risks, which may include installing enhanced fire detection and suppression systems or relocating critical equipment as appropriately.

These steps will help the District strengthen its IT control environment, improve system security, and support the integrity of financial reporting.

### **2024-008 Capital Asset Records**

During our audit, we identified several concerns over capital asset accounting as follows:

1. Our audit identified material and immaterial errors in the recording of capital assets during the fiscal year ended June 30, 2024 including not moving completed assets out of construction in progress, not properly identifying and recording capital asset additions, not properly identifying and recording capital asset deletions, recording construction in progress in the wrong project, and recording capital asset transactions in the wrong fund or asset category.
2. The District's capital asset records are maintained in an Excel file. We identified immaterial errors between the capital asset records and the trial balance. The District recorded transactions in the trial balance to force the accounts to match; however, it is unclear whether the trial balance is wrong or if the asset listing is wrong. As a result, we rejected the proposed adjustments. We also identified errors and inconsistencies in the historical classification of certain capital assets.

3. There are several fully depreciated assets in the capital asset listing, which could be a result of assets no longer in service that are still in the detailed listing.

#### Recommendation

We recommend the District perform a complete physical inspection of all capital assets for all assets that can be inspected. For underground assets, the District should review the historical records to determine the reasonableness of the fully depreciated assets to determine if any of the assets are no longer in use. We recommend the District carefully review the capital asset details to ensure assets are recorded in the correct asset classification and there is consistency in recording assets. Additionally, immaterial variances between the trial balance and the capital asset listing should be vetted to determine the cause of the difference before making a decision to correct either the trial balance or the capital asset listing.

#### Management's Response Regarding Corrective Action Taken or Planned

Management acknowledges the audit findings related to capital asset accounting for the fiscal year ended June 30, 2024, and is taking the following corrective actions to ensure compliance with Generally Accepted Accounting Principles (GAAP) and to strengthen internal controls over capital asset reporting:

- **Use of Excel for Capital Asset Records and Trial Balance Reconciliation:** Management acknowledges that maintaining the capital asset records in Excel has led to inconsistencies and reconciliation challenges between the asset listing and the trial balance. To address this:
  - Management will discontinue the practice of recording "forced" entries to reconcile discrepancies
  - A comprehensive reconciliation of the capital asset ledger and the general ledger will be conducted to identify and correct discrepancies
  - Historical classifications will be reviewed for consistency, and misclassified assets will be corrected
  - As part of the planned rollout of the Capital Asset Module in FY25–26, the District will transition from Excel-based tracking to a more robust system that integrates with the general ledger and provides improved tracking, audit trails, and internal controls
- **Fully Depreciated Assets Review:** Management acknowledges that the presence of fully depreciated assets in the capital asset listing may indicate assets no longer in service. To address this:
  - A full review and physical inventory of capital assets will be conducted to identify and remove assets that are no longer in use
  - Asset retirement procedures will be formalized to ensure timely and accurate removal of disposed or decommissioned assets from the capital asset register
  - The updated listing will ensure that only active and reportable assets are included, improving the accuracy and reliability of capital asset reporting

Management is committed to improving the accuracy, transparency, and integrity of its capital asset accounting processes. These corrective actions will strengthen internal controls, ensure compliance with accounting standards, and provide stakeholders with more reliable financial information.

#### **2024-009 Internal Service Fund Deficit**

At June 30, 2024, the internal service fund has a deficit net position of \$304,751. This represents an undercharging of expenses to other funds.

### Recommendation

We recommend management and the Board of Trustees develop a plan to make the internal service funds whole for past undercharging of expenses and review the current policy to determine if it is adequate to cover future internal service fund expenses.

### Management's Response Regarding Corrective Action Taken or Planned

Management acknowledges the deficit net position of \$304,751 in the internal service fund as of June 30, 2024, which is the result of historical undercharging of expenses to other funds. Management agrees with the recommendation and is taking the following corrective actions:

- **Deficit Recovery Plan:** A recovery plan is being developed to address the accumulated deficit. This plan will include a phased approach to allocate the undercharged costs to benefiting funds over a defined period, minimizing the impact on current operations while ensuring the internal service fund is made whole.
- **Policy Review and Update:** Management is reviewing the current cost allocation methodology and internal service fund policy to assess its adequacy in fully capturing and recovering costs. Any deficiencies will be corrected, and the revised policy will be presented to the Board of Trustees for approval.
- **Future Monitoring and Adjustments:** Going forward, internal service fund charges will be regularly reviewed and adjusted, as necessary, during the budget process to ensure that rates are sufficient to fully recover the cost of services provided. Management is committed to maintaining the financial health of the internal service fund and ensuring equitable cost recovery across all benefiting funds.

## **2024-010 Cash Disbursement Controls**

We reviewed a sample of 40 cash disbursement transactions and noted the following:

1. Documentation provided for 12 transactions for purchases of goods did not contain a packing slip with a signature indicating receipt of goods.
2. Documentation provided for 17 transactions did not contain evidence that the disbursement was approved by a separate individual than the one who initiated the purchase.

### Recommendation

District's management reviewed the results of our testing and certified that they believe none of the transactions were fraudulent. We recommend the District improve their documentation of reviews and approvals of transactions and that two knowledgeable individuals are involved in every disbursement transaction.

### Management's Response Regarding Corrective Action Taken or Planned

Management acknowledges the deficiencies identified in the review of cash disbursement controls and concurs with the recommendation to strengthen internal controls and documentation practices related to disbursements. The following corrective actions are being implemented:

- **Receipt of Goods Documentation:** Procedures are being updated to require that all purchases of goods include a signed packing slip or other documentation confirming receipt. Staff will be trained on the importance of verifying and documenting receipt before payment is authorized.

- **Segregation of Duties:** Management is reinforcing the requirement that all disbursements must be reviewed and approved by a person other than the individual who initiated the purchase. This segregation of duties will be monitored by supervisory staff and incorporated into the disbursement review checklist to ensure compliance.

## **2024-011 Point of Sale (POS) Reconciliations**

The District uses multiple Point of Sale systems to record transactions. During the audit, we obtained system detail to verify the accuracy of the trial balance. We noted immaterial differences between the system reports and the trial balance for certain revenues. We encountered some difficulties in reconciling some system reports due to differences in how transactions are recorded in the trial balance or how transactions are recorded in the POS.

### **Recommendation**

We recommend the District continue to review how information from the POS systems are used to record transactions in Tyler. We recommend periodic reconciliations of POS system reports to Tyler to verify transactions are recorded in the correct revenue accounts and to verify the completeness of cash receipts.

### **Management's Response Regarding Corrective Action Taken or Planned**

Management concurs with the recommendation.

The District will continue to evaluate how information from each Point of Sale (POS) system is recorded in the general ledger within Tyler. Finance staff are working with department leaders to ensure consistency in the mapping of POS revenue data to the appropriate revenue accounts.

To strengthen internal controls and ensure the completeness and accuracy of financial records, the District will implement periodic reconciliations of POS reports to the Tyler general ledger. These reconciliations will verify that revenue is properly classified and that cash receipts are complete and accurately recorded.

Procedures and reconciliation templates will be developed by the Finance Department and implemented. Training will be provided to staff involved in the reconciliation process, and findings will be reviewed on a regular basis.

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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 statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and is described in 2024-005.

## **2024-005 Budget Noncompliance**

### **Budget Augmentation**

The Board of Trustee's approved Resolution No. 1097 dated January 31, 2024 related to a budget augmentation for the fiscal year ended June 30, 2024 audit. Upon review by the

Nevada Department of Taxation, the budget augmentation was denied as the District did not have the necessary available resources in accordance with NAC 354.410 and the augmentation did not meet the requirements of NRS 354.598005.

#### Excess Expenditures over Appropriations

As disclosed in the notes to the financial statements, expenditures exceeded budgeted appropriations in several funds.

#### Recommendation

We recommend the District follow the State of Nevada guidelines for approving budget augmentations and ensure expenditures do not exceed the approved budget.

#### Management's Response Regarding Corrective Action Taken or Planned

Staff has communicated with the State Department of Taxation to ensure a clear understanding of the Nevada Revised Statutes and Nevada Administrative Code to stay in conformity with budget augmentation statutes and codes.

### **The District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described above. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Irvine, California  
June 11, 2025