

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2025



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incline Village General Improvement District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Incline Village General Improvement District's basic financial statements, and have issued our report thereon dated April 22, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, 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 the accompanying schedule of findings and questioned costs as items 2025-001 through 2025-003 to be material weaknesses.

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 the accompanying schedule of findings and questioned costs as item 2025-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Incline Village General Improvement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Incline Village General Improvement District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Incline Village General Improvement District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Incline Village General Improvement 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.



CliftonLarsonAllen LLP

Roseville, California
April 22, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Incline Village General Improvement District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Incline Village General Improvement District's major federal programs for the year ended June 30, 2025. The Incline Village General Improvement District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Incline Village General Improvement District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Incline Village General Improvement District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Incline Village General Improvement District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Incline Village General Improvement District's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Incline Village General Improvement District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Incline Village General Improvement District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Incline Village General Improvement District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Incline Village General Improvement District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Incline Village General Improvement District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Incline Village General Improvement District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Incline Village General Improvement District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-005 to be a material weakness.

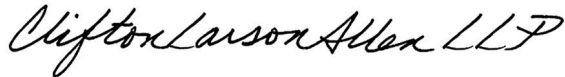
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Incline Village General Improvement District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Incline Village General Improvement District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Incline Village General Improvement District's basic financial statements. We have issued our report thereon, dated April 22, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Roseville, California
April 22, 2026

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program/Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Environmental Protection Agency				
Passed-Through the Nevada Division of Environmental Protection:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CW2402	4,840,717	-
Total Environmental Protection Agency			4,840,717	-
Total Expenditures of Federal Awards			<u>\$ 4,840,717</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards programs of the Incline Village General Improvement District (the District) for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 ASSISTANCE LISTING NUMBERS

The program titles and Assistance Listing Numbers were obtained from the federal or pass-through grantor.

NOTE 4 INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

NOTE 5 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the District determined that no identifying number is assigned for the program, or the District was unable to obtain an identifying number from the pass-through entity.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes no
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)

66.458

Name of Federal Program or Cluster

Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

2025 – 001 – Recognition of Revenue and Receivables

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During our audit it was determined that the District recognized certain capital grant funding and tax revenue in the period received rather than the period in which all required revenue recognition criteria were satisfied.

Criteria or specific requirement: Governmental Standards Accounting Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* states that recipients should recognize revenues when the underlying exchange transactions occurs and should recognize assets when the underlying exchange transaction occurs or resources are received, whichever is first.

Effect: As initially recorded, prior year Capital Contributions and Tax Revenues were materially understated in the Utility Fund and General Fund resulting in restatements of beginning balance totaling \$6,275,744 and \$67,097 respectively. Additionally, Capital Contributions were understated by \$2,774,569 and Due from Other Governments was understated by \$4,773,224 in the Utility Fund as of June 30, 2025.

Cause: The errors were due to timing delays resulting in funds being received significantly after the period earned and inadequate controls over the identification of revenues earned but not yet received.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend the District enhance period-end review procedures over grant agreements and tax revenues, including documented reconciliation of amounts earned but not yet recorded.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Finance will review the detailed transactions to ensure accurate recording and reconcile subsidiary ledgers to the general ledger on a quarterly and annual basis.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings - Continued

2025 – 002 – Reconciliation of Payroll Liabilities and Pooled Cash

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During Fiscal Year 2025, the District identified reconciling items within the pooled cash fund attributable to payroll liabilities and due to/from balances that did not clear in prior years.

Criteria or specific requirement: Management is responsible for maintaining internal control over financial reporting that provides reasonable assurance that balances are accurately recorded and reported in accordance with generally accepted accounting principles (GAAP). This includes performing regular reconciliations of cash balances to the general ledger and timely clearing and reconciliation of payroll liabilities and interfund balances to supporting records. Effective internal control requires that reconciling items be identified, investigated, and resolved on a timely basis, and that balances not representing valid assets or liabilities be corrected or cleared to prevent misstatements in the financial statements.

Effect: Prior year Expenditures were overstated and Accrued Liabilities, Cash, and Fund Balance were understated in the general fund resulting in a total restatement of beginning balance of \$265,624.

Cause: The introduction of a new accounting system in July 2022 and significant turnover of District finance staff during fiscal years 2023 and 2024 resulted in significant delays in reconciliations. During Fiscal Year 2025 the District performed a full reconciliation of these balances and identified reconciling items that did not appropriately clear in prior years.

Repeat Finding: Repeat of finding 2024-002.

Recommendation: We recommend implementing monthly payroll liability and pooled cash reconciliations with supervisory review and timely correction of reconciling items.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Finance will review the detailed transactions to ensure accurate recording and reconcile subsidiary ledgers to the general ledger on a quarterly and annual basis.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings - Continued

2025 – 003 – Identification of Fiduciary Activities

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During Fiscal Year 2025, the District determined that assets held on behalf of the Tahoe Water Suppliers Association, previously reported as unearned revenue in the Utility Fund, met the criteria to be reported as a custodial fund.

Criteria or specific requirement: Accounting principles generally accepted in the United States of America (GAAP) for state and local governments require governments to evaluate whether activities meet the definition of fiduciary activities. GASB Statement No. 84, Fiduciary Activities, requires resources to be reported in a fiduciary fund when the government controls the assets and the assets are held for the benefit of individuals or external organizations that are not part of the government's reporting entity. Custodial funds are required to report assets, liabilities, and fiduciary net position, and such resources should not be reported as revenues, deferred inflows of resources, or net position of governmental or proprietary funds.

Effect: Prior year Cash and Unearned Revenue were overstated in the Utility Fund and Net Position in the Fiduciary Fund was understated resulting in a restatement of beginning net position of \$133,181 in the Fiduciary Fund.

Cause: The District lacked formal procedures for evaluating possible fiduciary activities as defined by GASB 84.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that the District implement procedures to periodically evaluate activities involving resources held for external parties to ensure proper classification and reporting in accordance with GASB Statement No. 84.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Finance has reviewed the activities of the District and determined that there are no other entities with activities that involve fiduciary classification. We will periodically evaluate activities as they are presented to ensure compliance.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings - Continued

2025 – 004 – POS System Reconciliation

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Point-of-sales systems were not consistently reconciled to the general ledger, resulting in immaterial revenue differences and reconciliation challenges.

Criteria or specific requirement: Management is responsible for maintaining internal control over financial reporting that provides reasonable assurance that revenues are accurately recorded and reported in accordance with GAAP. This includes performing regular reconciliations between subsidiary accounting records and the general ledger to ensure recorded amounts are complete, accurate, and consistent, and that differences are identified and resolved in a timely manner.

Effect: Immaterial adjustments were necessary to reconcile revenues at year end.

Cause: The introduction of a new accounting system in July 2022 and significant turnover of District finance staff during fiscal years 2023 and 2024 resulted in delays in fully implementing controls over reconciliations between the accounting system and the POS system.

Repeat Finding: Repeat of finding 2024-011.

Recommendation: We recommend that the District perform regular reconciliations of the POS system reports to the financial reporting system.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Finance will reconcile the point-of-sale systems to the general ledger on a quarterly and annual basis.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs

2025 – 005 – Suspension and Debarment

Federal Agency: Environmental Protection Agency

Federal Program Name: Capitalization Grants for Clean Water State Revolving Funds

Assistance Listing Number: 66.458

Federal Award Identification Number: CS-32000123-0, 4C-98T68401-0

Pass-Through Agency: Nevada Division of Environmental Protection

Pass-Through Number(s): CW2402

Award Period: December 1, 2023 to December 1, 2026

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Noncompliance

Criteria or specific requirement: Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Before entering into a covered transaction the entity must verify that the contractor is not suspended, debarred or otherwise excluded from participating in the transaction.

Condition: Through our testing we noted that suspension and debarment checks were not performed for two vendors prior to entering into the transactions.

Questioned costs: None noted.

Context: Suspension and debarment procedures were not performed for two of the two vendors selected prior to entering into the transactions.

Cause: The District did not have controls in place to ensure that suspension and debarment checks were performed prior to entering into covered transactions.

Effect: Without checking suspension and debarment before engaging services, the District could have entered into an agreement with a vendor that was suspended or debarred from receiving federal funding.

Repeat Finding: Not a repeat finding.

Recommendation: CLA recommends that the District implement procedures to ensure that federal guidance is followed relating to suspension and debarment for both new and existing vendors and provide training on these procedures.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Views of responsible officials: There is no disagreement with the audit finding. Finance and Public Works will coordinate the vendor bidding process and document the suspension and debarment check prior to awarding a vendor for the project.



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