

COMMUNICATIONS AND REPORTS
DECEMBER 10, 2019

The following communications and reports were received, duly noted, and ordered placed on file with the Clerk:

MONTHLY STATEMENTS/REPORTS

- A. Office of the Washoe County Treasurer, Monthly Statement for month ending October 31, 2019.

ANNUAL STATEMENTS/REPORTS

- A. Sun Valley General Improvement District Final Audited Financials FY18/19.
- B. Verdi Television Maintenance District Financial Statements for the Year Ended June 30, 2019.

OFFICE OF THE WASHOE COUNTY TREASURER

Tammi Davis, Treasurer

1001 E 9TH St – D140

P O Box 30039

Reno NV 89520-3039

**MONTHLY STATEMENT OF WASHOE COUNTY TREASURER FOR
MONTH ENDING OCTOBER 31, 2019**

**BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY
RENO, NEVADA**

RE: NRS 354.280

Honorable Commissioners:

I hereby submit this summary record of the source and amount of all receipts, apportionments to, payments from and balances in all funds and separate accounts as required by referenced statute. Detail information for these funds is available in my office.

CASH ON DEPOSIT	OUTSTANDING CHECKS	BOOK BALANCE
\$18,862,019.04	\$628,921.62	\$18,233,097.42

INVESTMENTS (Reported at Market – All Groups)
\$576,570,930.46

Unapportioned Funds (Secured & Unsecured)	Washoe County	Other Agencies	Restricted Funds	Total
	\$1,705,312.28	\$3,324,703.84	\$576,110.49	\$5,606,126.61


Brenda Mathers, Chief Deputy Treasurer



Sun Valley General Improvement District
5000 Sun Valley Boulevard
Sun Valley, NV 89433-8229
Phone: (775) 673-2220
Fax: (775) 673-1835

Washoe County Clerk
P.O. Box 11130
Reno, NV 89520

RE: Final Audited Financials FY18/19

To whom it may concern:

Enclosed is a copy of Sun Valley General Improvement District's Final Audited Financials for Fiscal Year 2018/2019. Please feel free to call me if you have any questions.

Thank you,


Ralynn James, Accounting

rjames@svgid.com

Ph: (775)673-2220 ext. 211

cc: Jon Combs, SV-GID General Manager

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SUN VALLEY, NEVADA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sun Valley General Improvement District
Sun Valley, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the Sun Valley General Improvement District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 8 to the financial statements, a prior period adjustment was recorded for the correction of an error in prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

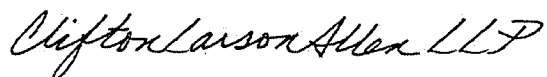
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements and budgetary comparison schedule are presented for purposes of additional analysis and are not a required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

The combining fund financial statements and budgetary comparison schedule 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 combining fund financial statements and budgetary comparison schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Sun Valley General Improvement District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019 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 the District's 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.



CliftonLarsonAllen LLP

Roseville, California
November 6, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

This section of the Sun Valley General Improvement District's (District) annual financial report provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. This section should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year include the following:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$39,999,762, of which \$27,879,516 represents net position which are invested in capital assets.
- The District's total assets decreased by \$4,760,910.
- The District decreased long-term debt by \$1,474,719.
- The District's total water sales were \$3,267,540, an increase of \$105,340.
- The District's total wastewater sales were \$2,581,671, an increase of \$103,606.

DISTRICT HIGHLIGHTS

- No rate increases for 2018-2019
- As part of the District's preventative maintenance:
 - Juniper Terrace Tank rehab.
 - New Juniper Terrace Pump station.
 - Flushed and cleaned the wastewater collection system.
 - Flushed and cleaned the dead end lines on the water distribution system.
 - Performed meter box maintenance throughout the valley.
 - All parks were sprayed for weeds.
 - Graffiti abatement at all parks.
 - Repaired asphalt in parking lots and walking path in parks.
 - Maintenance on the District rentals including replacing some appliances.
 - Install construction meters at two construction sites.
 - Raised Manhole/water meter valves with concrete rings.
 - Installed mainline valves in water system for isolation.
 - Installed backup generator for Office Bld. (emergency power).
 - Maintenance on all access roads to tank sites.
- Under the Capital Improvement Projects program:
 - Purchased new SCADA system.
 - Juniper Terrace pump house.
 - GIS/GPS locations and mapping.
 - Purchased backup generator for office building
 - Middle School Water/sewer upgrades
 - Juniper Terrace Tank rehab.
 - Sidehill altitude valve/joining two zones
 - Collection system upgrade

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

- Staff completed training including:
 - Customer service training
 - Human Resource training
 - Nevada Recreation and Parks Society conference training.
 - Harassment training.
 - OSHA training.
 - SDS training.
 - The Safety Committee met bi-monthly to discuss issues and implementation.
 - Management training.
 - Map Optix training.
- Additional Programs and Projects:
 - Joint cooperation with Reno, Sparks, and Washoe County Smoke Free parks.
 - Partnered with Washoe County Senior Services for Vets Day Celebration.
 - Held an E-Waste recycling event.
 - Partnered with Family Classics and held a car show in our park.
 - Partnered with Community Services Agency to hold an Easter egg hunt at Sun Valley Park.
 - Successful Recreation season.
 - "Movie in the Park" event.
 - The District donated \$5,000 dollars to KTMB for the "Annual Clean-up Day" and District staff participated in the clean-up.
 - The District continued its partnership with Washoe County Health Department and donated monies for garbage dumpsters for lot clean-ups.

USING THIS ANNUAL REPORT

This annual report consists of three parts; Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using generally accepted governmental accounting methods. These statements offer short and long term financial information about its activities. The Statement of Net Position includes all of the District's assets and obligations to creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and charges. The final required statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The analysis below focuses on the District's net position.

Condensed Statement of Net Position

	2019	2018
Assets		
Current and Other Assets	\$ 14,894,966	\$ 15,714,865
Capital Assets	37,073,574	41,014,585
Total Assets	<u>51,968,540</u>	<u>56,729,450</u>
Deferred Outflows of Resources	453,857	525,623
Liabilities		
Current and Other Liabilities	1,815,083	2,092,741
Long-Term Liabilities	10,382,798	11,576,409
Total Liabilities	<u>12,197,881</u>	<u>13,669,150</u>
Deferred Inflows of Resources	224,754	224,552
Net Position		
Net Investment in Capital Assets	27,879,516	30,345,808
Unrestricted	12,120,246	13,015,563
Total Net Position	<u>\$ 39,999,762</u>	<u>\$ 43,361,371</u>

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses, and Changes in Net Position for the year.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2019	2018
Net Operating Revenues	\$ 6,565,079	\$ 6,416,500
Interest Income	118,498	72,672
Other Revenues	531,987	448,387
Grants and Contributions	2,401,401	-
Total Revenues	<u>9,616,965</u>	<u>6,937,559</u>
Operating Expenses	6,166,702	5,948,168
Interest Expense	132,659	229,336
Loss on Sale of Capital Assets	106,588	-
Total Expenses	<u>6,405,949</u>	<u>6,177,504</u>
Net Position at Beginning of Year	43,361,371	42,601,316
Change in Net Position	3,211,016	760,055
Prior Period Adjustment	(6,572,625)	-
Net Position at End of Year	<u>\$ 39,999,762</u>	<u>\$ 43,361,371</u>

Operating revenues increased 2.31% due to addition of homes in Ladera Subdivision.

Operating expenses reflect a 3.67% increase in 2019 compared to 2018 due to extended pumping hours (power) and purchases.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

THE DISTRICT'S FUNDS

The District has five enterprise funds; water, wastewater, properties and garbage, acquisition and parks and recreation. The water fund was established in 1967, with the acquisition fund being established in 1972. The wastewater fund was established in 1981. On April 10, 2007, the District created the properties and garbage fund to account for rental of District property and garbage franchise fees. On February 25, 2010, the District created the parks and recreation fund to operate the swimming pool and parks acquired from Washoe County. The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the cost (expenses, including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bond (revenue or general obligation), federal grants, and other District funds.

CAPITAL ASSETS

At June 30, 2019, the District's total capital assets are \$37,073,574 net of accumulated depreciation of \$31,400,369. There was a decrease in capital assets in the current year as a result of capital asset additions of \$4,129,343 that were offset by current year depreciation expense of \$1,550,500 and a restatement of land and water rights of \$6,572,625. See Note 3 and Note 8 for additional information.

LONG-TERM DEBT

At fiscal year-end, total loans payable to the State of Nevada Revolving Fund for water system improvements were \$5,558,636. The District also has outstanding notes payable to the City of Sparks for sewer system improvements in the amount of \$3,635,422. See Note 4 for additional information.

SIGNIFICANT FINANCIAL DECISIONS

The Board of Trustees was requested to and approved:

1. Middle School project.
2. SENSUS Analytical System (pumping/monitoring).
3. Playground equipment Gepford Park.
4. Juniper Terrace Rehab.
5. Sidehill Tank altitude valve.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Trustees of the Sun Valley General Improvement District. The Comprehensive Financial Report was prepared to provide interested parties with a general overview of the Sun Valley General Improvement District's accountability for the financial resources it manages. For questions or additional information, please contact the Sun Valley General Improvement District at 775-673-2220.

BASIC FINANCIAL STATEMENTS

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current Assets:

Cash and Investments:

Cash	\$ 7,335,533
Imprest Cash	2,700
Investments	2,904,190
Restricted Cash	4,039,020

Accounts Receivable:

Trade Receivables, Net	281,545
Other	102,479

Inventory	101,056
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Prepaid Expenses	128,443
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Total Current Assets	<u>14,894,966</u>
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Capital Assets:

Nondepreciable	3,261,470
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Depreciable, Net	<u>33,812,104</u>
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Total Capital Assets	<u>37,073,574</u>
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Total Assets	<u>51,968,540</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Pension	<u>453,857</u>
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Total Assets and Deferred Outflows of Resources	<u><u>\$ 52,422,397</u></u>
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See accompanying Notes to Basic Financial Statements.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 710,669
Salaries and Benefits Payable	30,549
Unearned Revenue	1,200
Deposits from Others	171,712
Interest Payable	23,493
Current Portion of Compensated Absences	79,278
Current Portion of Long-Term Debt	<u>798,182</u>
Total Current Liabilities	<u>1,815,083</u>

Noncurrent Liabilities:

Compensated Absences, Net of Current Portion	50,560
Net Pension Liability	1,936,362
Long-Term Debt	<u>8,395,876</u>
Total Noncurrent Liabilities	<u>10,382,798</u>

Total Liabilities	<u>12,197,881</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	<u>224,754</u>
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NET POSITION

Net Investment in Capital Assets	27,879,516
Unrestricted	<u>12,120,246</u>
Total Net Position	<u>39,999,762</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 52,422,397</u></u>
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See accompanying Notes to Basic Financial Statements.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

OPERATING REVENUES

Customer Charges	\$ 6,224,620
Service Charges	170,555
Washoe County Sewer Charge	169,904
Total Operating Revenues	<u>6,565,079</u>

OPERATING EXPENSES

Salaries and Benefits	1,308,161
Purchased Water	1,256,670
Operating Expenses	882,989
Insurance	273,090
Materials, Supplies, and Repairs	215,479
General and Administrative	186,997
Licenses and Fees	137,269
Utilities	122,730
Office Supplies	114,107
Power for Pumping	45,746
Telephone	19,279
Professional Services	53,685
Depreciation and Amortization	1,550,500
Total Operating Expenses	<u>6,166,702</u>

OPERATING INCOME

398,377

NONOPERATING REVENUE (EXPENSE)

Property Taxes	289,587
Combined Taxes	165,448
Interest Income	118,498
Interest Expense	(132,659)
Other Revenues	76,952
Gain (Loss) on Sale of Capital Assets	(106,588)
Total Nonoperating Revenues (Expenses)	<u>411,238</u>

INCOME BEFORE CONTRIBUTIONS

809,615

Capital Grants and Contributions

2,401,401

CHANGE IN NET POSITION

3,211,016

Total Net Position - Beginning of Year, Restated

36,788,746

TOTAL NET POSITION - END OF YEAR

\$ 39,999,762

See accompanying Notes to Basic Financial Statements.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 6,517,447
Payments to Suppliers	(3,255,093)
Payments to Employees	(1,267,533)
Net Cash Provided by Operating Activities	<u>1,994,821</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Tax Proceeds Not Attributable to Capital Purposes	455,035
Other Noncapital Receipts	76,898
Net Cash Provided by Noncapital Financing Activities	<u>531,933</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of Principal on Long-Term Debt	(1,474,719)
Purchase of Capital Assets	(4,288,648)
Proceeds from Capital Contributions	2,401,401
Interest Paid	(219,744)
Net Cash Used by Capital and Related Financing Activities	<u>(3,581,710)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	<u>118,498</u>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(936,458)

Cash and Cash Equivalents - Beginning of Year

15,217,901

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 14,281,443

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENT OF NET POSITION**

Cash and Cash Equivalents in Current Assets	\$ 10,242,423
Cash and Cash Equivalents in Restricted Assets	4,039,020
Total Cash and Cash Equivalents	<u><u>\$ 14,281,443</u></u>

See accompanying Notes to Basic Financial Statements.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 398,377
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	1,550,500
Changes in Assets and Liabilities:	
Accounts Receivable	(17,982)
Other Receivables	(24,702)
Inventory	(11,254)
Deferred Outflows	71,766
Prepaid Expenses	(62,621)
Accounts Payable	126,823
Deferred Inflows	202
Salaries and Benefits Payable	11,022
Compensated Absences	(29,634)
Deposits from Others	(4,948)
Net Pension Liability	(12,728)
Total Adjustments	<u>1,596,444</u>
Net Cash Provided by Operating Activities	<u>\$ 1,994,821</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the District, and other necessary disclosure of pertinent matters relating to the financial position of the District. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sun Valley General Improvement District (the District) are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

Sun Valley General Improvement District was created in 1965 and operates under NRS 318 by an elected board of trustees. The District, a quasi-municipal corporation, operates a water and sewer system, and recreational facilities for the benefit of individuals owning property or residing within its geographic boundaries. The District exercises no control over other governmental agencies and authorities as defined by the GASB and as such is the only entity reported in these financial statements. The District is located in Washoe County, Nevada. However, it is not included in the financial statements of Washoe County.

B. Basis of Presentation and Method of Accounting

The accounting system is organized and operated on a fund basis using the accrual basis of accounting. The District's financial statements have been prepared on the basis of the governmental proprietary fund concept as adopted by the GASB. The governmental proprietary fund concept provides that financial activities be presented as a single proprietary fund which includes enterprise funds. The District maintains a Water Operations Enterprises Fund, an Acquisition Fund, a Waste Water Fund, a Properties and Garbage Fund and a Recreation Fund, which are combined to present the District's single enterprise fund. The individual funds include a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. They are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary funds distinguish operating revenues and expense from nonoperating 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. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses of the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. In accordance with GASB NO. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

C. Cash, Investments and Equivalents

Cash, short-term investments, and restricted investments are stated at cost, which approximates current fair value.

The District has no formal investment policy. All investments are made pursuant to NRS 355.170 and it has been board policy to hold all surplus funds in time certificates of deposit ranging from 30 days to four years. The District may only investment in the following types of securities:

- Certain "A" rated notes and bonds purchased by a registered broker-dealer that are issued by corporations organized and operating in the United States (U.S.) and that mature within five (5) years from the date of purchase; asset-backed securities and collateralized mortgage obligations rated "AAA" or higher by a nationally recognized rating service. These investments must not, in the aggregate, exceed 20 percent of the total portfolio at the time of purchase, nor include notes and bonds issued by any one corporation in excess of 25 percent of such investments.
- U.S. bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Bills and notes of the U.S. Treasury, maturing within ten (10) years from the date of purchase.
- Obligations of an agency of the U.S. or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.
- Obligations of state and local governments if, (1) the interest is exempt for federal income tax purposes, and (2) the obligation has been rated "A" or higher by a nationally recognized bond credit rating agency.
- Negotiable and nonnegotiable certificates of deposit from commercial banks and insured savings and loan associations.
- State of Nevada Local Government Pooled Investment Fund.
- Certain securities issued by local governments of the State of Nevada.
- Certain bankers' acceptances.
- Certain short-term paper issued by a corporation organized and operating in the U.S.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain "AAA" rated mutual funds that invest in (1) securities issued by the Federal Government or agencies of the Federal Government, (2) Master, bank notes or other short-term commercial paper rated as "A-1" or "P-1" issued by a corporation or depository institution organized, licensed and operating in the United States and/or (3) Repurchase agreements that are fully collateralized by (1) and (2) above.

For purposes of the statement of cash flows, the District considers all cash and certificates of deposit, as well as investments with original maturities of three months or less when purchased as cash and cash equivalents.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

D. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

E. Restricted Assets

Amounts shown as restricted assets have been restricted by either bonds, by law, or by contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

F. Receivables

Receivables consist mostly of water service and connection charges and taxes. Accounts receivable represent amounts billed directly by the District. The District presently has adequate legal remedies to enforce the collection of water service and connection charges and taxes. Any such amounts which may ultimately prove uncollectable should not be material in amount. However, due to recent changes by the state legislature to NRS 318 regarding the filing of liens by General Improvement Districts, the Board of Trustees adopted a policy whereby a reserve for uncollectible accounts was established for all past due amounts. Past due amounts are added to the Washoe County property tax rolls.

G. Inventory

Inventories consist of operating materials and supplies held for consumption, and are recognized as an expense at the time inventory is used. The District carries inventory at the lower of cost or market, on a first in, first out (FIFO) basis.

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

I. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of plant and equipment as follows:

<u>Asset Description</u>	<u>Life</u>
Storage Tanks	33½ Years
Meters, Service, and Transmission, and Distribution Mains	33½ – 40 Years
Fire Hydrants	33½ Years
Pumping Equipment	15 Years
Structures and Improvements	5 – 30 Years
Power Operated Equipment	3 – 10 Years
Office Furniture and Equipment	5 – 10 Years
Sewage Treatment Plant	40 Years

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

J. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. The employees may accumulate vacation pay up to a limit of 30 days. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Sick leave may be accumulated without limitation. Upon termination an employee must have 10 years of full-time employment and shall be compensated for total accrued sick leave at the rate of one hour's pay for every two hours of sick leave accrued up to a maximum of 600 hours. The amount of accumulated compensated absences is \$129,838 at June 30, 2019.

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Nevada Public Employees' Retirement System (NVPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by NVPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. 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 applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item which qualify for reporting in this category. See pension disclosure Note 6. In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one item which qualify for reporting in this category. See pension disclosure Note 6.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

M. Net Position

The District's financial statements utilize a net position presentation. Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted – This category represents the net position of the District with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District did not have any restricted net position at June 30, 2019.
- Unrestricted – This category represents the net position of the District, not restricted for any project or other purpose.

N. Use of Estimates

Management of the District has made certain estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

O. Budgetary Principles

The District is required by state statute to conduct public hearings and subsequently adopt annual budgets for all its funds on or before June 1 for the ensuing year. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts originally adopted may be amended by resolution of the Board of Trustees before year-end. Expenses may not legally exceed budgeted appropriations at the activity level, except for expenses related to long-term contracts for the purchase of utility service.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2019 consist of the following:

Cash on Hand	\$ 2,700
Deposits with Financial Institutions	11,374,553
Investments	2,904,190
Total	<u><u>\$ 14,281,443</u></u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

Investments

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments (see Note 1). The District does not have a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

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 is to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments, to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

	Total	Remaining Maturity (in years)		
		Less than 1	1-5	6-10
Money Market	\$ 35,190	\$ 35,190	\$ -	\$ -
Negotiable Certificates of Deposit	2,869,000	1,219,000	1,650,000	-
Total	<u>\$ 2,904,190</u>	<u>\$ 1,254,190</u>	<u>\$ 1,650,000</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments are in negotiable certificates of deposits which do not have a rating requirement.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Some of the District's bank deposits are covered by FDIC insurance and collateralized by the Office of the State Treasurer/ Nevada Collateral Pool.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by the District or by the District's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2019, the following investments in a single issuer exceeded 5% of the District's total investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
Ally Bank	\$ 245,000	8.44%
BMO Harris Bank	240,000	8.26%
BMW Bank	240,000	8.26%
UBS Bank	240,000	8.26%
Wells Fargo Bank	240,000	8.26%
Morgan Stanley Private Bank	235,000	8.09%
Goldman Sachs Bank	228,000	7.85%
Morgan Stanley Dean Witter Bank	219,000	7.54%
Northfield Bank	216,000	7.44%
Discover Bank	196,000	6.75%
Citibank	192,000	6.61%
American Express Bank	184,000	6.34%

Fair Value Measurement

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2019:

	<u>Fair Value Hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money Market	\$ 35,190	\$ -	\$ -	\$ 35,190
Negotiable Certificates of Deposit	-	2,869,000	-	2,869,000
Total	<u>\$ 35,190</u>	<u>\$ 2,869,000</u>	<u>\$ -</u>	<u>\$ 2,904,190</u>

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 CAPITAL ASSETS

Changes in the District's capital assets and accumulated depreciation for the year ended June 30, 2019 is summarized as follows:

	Restated Balance July 1, 2018	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2019
Capital Assets, Not Being Depreciated:					
Land and Water Rights	\$ 3,208,699	\$ -	\$ (106,588)	\$ -	\$ 3,102,111
Construction in Progress	180,656	159,359	-	(180,656)	159,359
Total Capital Assets, Not Being Depreciated	3,389,355	159,359	(106,588)	(180,656)	3,261,470
Capital Assets, Being Depreciated:					
Buildings / Structures and Improvements	4,257,704	979,997	-	180,656	5,418,357
Fire Hydrants	676,572	-	-	-	676,572
Furniture and Fixtures	123,595	-	-	-	123,595
Office Equipment	406,128	48,694	-	-	454,822
Storage Tanks	5,336,678	207,790	-	-	5,544,468
Meters, Service and Transmission, and Distribution Mains	30,253,623	2,520,452	-	-	32,774,075
Autos and Trucks	992,036	-	-	-	992,036
Plant / Sewage Treatment Plant	17,554,002	372,410	-	-	17,926,412
Power Operated Equipment	87,950	-	-	-	87,950
Pumping Equipment	1,214,186	-	-	-	1,214,186
Total Capital Assets, Being Depreciated	60,902,474	4,129,343	-	180,656	65,212,473
Less Accumulated Depreciation for:					
Water	(13,609,279)	(719,583)	-	-	(14,328,862)
Sewer	(15,432,945)	(736,542)	-	-	(16,169,487)
Property and Garbage	(143,284)	(11,458)	-	-	(154,742)
Recreation	(664,361)	(82,917)	-	-	(747,278)
Total Accumulated Depreciation	(29,849,869)	(1,550,500)	-	-	(31,400,369)
Total Capital Assets, Being Depreciated Net	31,052,605	2,578,843	-	180,656	33,812,104
Total Capital Assets, Net	\$ 34,441,960	\$ 2,738,202	\$ (106,588)	\$ -	\$ 37,073,574

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 LONG-TERM DEBT

Individual issues of bonds, notes outstanding at June 30, 2019:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Date	Original Issue	Outstanding June 30, 2019
Bonds Payable						
Sun Valley General Improvement District, Nevada, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues) Series 2014	2026	2.57%	\$ 787,999	10/23/2014	\$ 6,293,154	\$ 3,785,998
Sun Valley General Improvement District, Nevada, General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues) Series 2014	2028	2.57%	\$ 257,819	10/23/2014	\$ 2,591,812	\$ 1,772,638
Notes Payable						
City of Sparks, Nevada - TMWRF Capacity	2027	1.25%	\$ 354,853	6/28/2004	\$ 6,900,000	\$ 3,205,658
City of Sparks, Nevada - TMWRF Fix and Finish	2025	1.61%	\$ 74,048	6/28/2004	\$ 1,200,000	\$ 429,764

The following represents the changes in long-term liabilities during the year:

	Balance July 1, 2018	Additions	Retirement	Balance June 30, 2019	Amounts Due Within One Year
Nevada Water Bond \$6.3M	\$ 4,573,997	\$ -	\$ (787,999)	\$ 3,785,998	\$ 269,445
Nevada Water Bond \$2.6M	2,030,457	-	(257,819)	1,772,638	88,158
City of Sparks \$6.9M	3,560,511	-	(354,853)	3,205,658	364,417
City of Sparks \$1.2M	503,812	-	(74,048)	429,764	76,162
Compensated absences	159,472	-	(29,634)	129,838	79,278
Total	<u>\$ 10,828,249</u>	<u>\$ -</u>	<u>\$ (1,504,353)</u>	<u>\$ 9,323,896</u>	<u>\$ 877,460</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

As of June 30, 2019, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30,	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2020	\$ 357,603	\$ 147,364	\$ 440,579	\$ 45,551
2021	729,052	129,013	452,575	39,731
2022	747,908	110,156	464,898	33,751
2023	767,254	90,811	477,557	27,608
2024	787,099	70,966	490,561	21,299
2025-2029	2,169,720	101,087	1,309,252	28,681
Total	<u>\$ 5,558,636</u>	<u>\$ 649,397</u>	<u>\$ 3,635,422</u>	<u>\$ 196,621</u>

NOTE 5 PENSION PLAN

Deferred Compensation Plan

All permanent employees of the District are eligible to participate in a District sponsored deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan provides for the deferral of a portion of the employees' compensation until retirement, termination, or certain other covered events. The funds are invested on behalf of the employees through an administrator in various instruments including mutual funds, money market funds, and others.

Prior to 1999, all amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts were (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the Plan), and subject to the claims of the District's general creditors.

Due to a change in Federal law concerning deferred compensation plans, the Board of Directors amended the Plan. In accordance with the new law, the District set up a trust to hold assets and earnings of the deferred compensation plan for the exclusive benefit of the participants.

Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* requires governments to report Section 457 plans in the financial statements if the assets are held by a government unit in a trustee capacity or as an agent for individuals. Currently, the District has minimal administrative involvement, does not perform the investing function for the plan and, therefore, is not considered to have fiduciary responsibility for the plan or hold the plan in a trustee capacity.

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Descriptions

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability. Benefit provisions under the Plans are established by State statute and District resolution. PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the NVPERS website.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year or service prior to July 1, 2001. For service earned on or after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.50% multiplier. The system offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The system's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. The system receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

General Information about the Pension Plans

As of and for the year ended June 30, 2019, the contribution recognized as part of pension expense was \$293,870 and the District reported a net pension liability for its proportionate share of the net pension liability of \$1,936,362.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of the measurement date of June 30, 2018 was .01420% a change of (0.00045%) from the prior year.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 218,168	\$ -
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	72,994	(125,654)
Changes in assumptions	102,034	-
Differences Between Expected and Actual Experience	60,661	(89,881)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(9,219)
Total	\$ 453,857	\$ (224,754)

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

For the year ended June 30, 2019, \$218,168, reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows)</u>
2020	\$ 7,622
2021	2,030
2022	(5,225)
2023	2,828
2024	3,242
Thereafter	438

Actuarial Assumptions

The pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	5.00%
Projected Salary Increase	4.25% - 9.15% (1)
Investment Rate of Return	7.50% (2)
Mortality	RP – 2000 Combined Healthy Mortality Table

- (1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Plan as of June 30, 2018. The investment program is designed to generate a 7.50% long-term return while minimizing risk. The structure and administration of the portfolio is defined by the prudent person standard. The standard states that the Public Employees' Retirement Board may invest the system's funds in every type of investment which person of prudence, discretion, and intelligence acquire or retain for their own account under similar circumstances. The Board's investment philosophy centers on time tested investment principles such as maintaining consistent exposure to the capital markets, buying assets at lower prices, and selling them at higher prices through disciplined rebalancing, and keeping costs low by utilizing a significant amount of index management.

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability as of June 30, 2018.

Pension Plan Target Asset Allocation

The table below reflects the long-term expected real rate of return by asset class. The system's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the Plan.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return (a)</u>
Domestic Equity	42 %	5.50 %
International Equity	18	5.75 %
Domestic Fixed Income	30	0.25 %
Private Markets	10	6.80 %
Total	<u>100 %</u>	

(a) An expected inflation of 2.75% used for this period.

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	As of <u>June 30, 2019</u>
1% Decrease	6.50 %
Net Pension Liability	\$ 2,952,875
Current Discount Rate	7.50 %
Net Pension Liability	\$ 1,936,362
1% Increase	8.50 %
Net Pension Liability	\$ 1,091,701

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued NVPERS financial reports.

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 RESTATEMENT OF BEGINNING NET POSITION

The following restatement was made during the current year:

Net position at July 1, 2018, as previously reported	\$ 43,361,371
Adjustment to capital assets as a result of revaluation of land and water rights	<u>(6,572,625)</u>
Net Position at July 1, 2018 as restated	<u>\$ 36,788,746</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019**

Net Pension Liability and Related Ratios

Last 10 fiscal years*

	Reporting Fiscal Year (Measurement Date)				
	6/30/2019 6/30/2018	6/30/2018 6/30/2017	6/30/2017 6/30/2016	6/30/2016 6/30/2015	6/30/2015 6/30/2014
Proportion of the Net Pension Liability	0.01420%	0.01465%	0.01386%	0.01494%	0.01492%
Proportionate Share of the Net Pension Liability	\$ 1,936,362	\$ 1,949,090	\$ 1,864,622	\$ 1,709,484	\$ 1,554,487
Covered Payroll	\$ 940,856	\$ 914,036	\$ 842,837	\$ 884,690	\$ 858,163
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	205.81 %	213.24 %	221.25 %	193.23 %	181.14 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.68 %	74.42 %	72.23 %	75.13 %	76.31 %

*Fiscal year 2019 was the 5th year of implementation. Additional years will be presented as they become available.

Schedule of Contributions

Last 10 fiscal years*

	Reporting Fiscal Year				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially Determined Contribution	\$ 218,168	\$ 293,870	\$ 257,654	\$ 234,957	\$ 230,547
Contributions Related to the Actuarially Determined Contribution	218,168	293,870	257,654	234,957	230,547
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 934,799	\$ 940,856	\$ 914,036	\$ 842,837	\$ 884,690
Contributions as a Percentage of Covered Payroll	23.34%	31.23%	28.19%	27.88%	26.06%

*Fiscal year 2019 was the 5th year of implementation. Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF NET POSITION BY DIVISION
JUNE 30, 2019

	Water Operations	Wastewater	Acquisition	Properties and Garbage	Parks and Recreation	Eliminations	Total
ASSETS							
Current Assets:							
Cash and Investments:							
Cash	\$ 2,526,151	\$ 1,160,742	\$ 2,343,017	\$ 942,024	\$ 363,599	\$ -	\$ 7,335,533
Imprest Cash	2,700	-	-	-	-	-	2,700
Investments	-	625,957	2,278,233	-	-	-	2,904,190
Restricted Cash	2,467,236	1,075,170	496,614	-	-	-	4,039,020
Accounts Receivable:							
Trade Receivables, Net	239,697	41,848	-	-	-	-	281,545
Other	59,510	152	-	-	42,817	-	102,479
Due from Other Funds	86,313	-	4,476	-	-	(90,789)	-
Inventory	99,532	1,524	-	-	-	-	101,056
Prepaid Expenses	101,233	26,138	-	-	1,072	-	128,443
Total Current Assets	5,582,372	2,931,531	5,122,340	942,024	407,488	(90,789)	14,894,966
Capital Assets:							
Nondepreciable	2,021,135	307,107	-	797,778	135,450	-	3,261,470
Depreciable, Net	16,463,585	16,343,840	-	93,330	911,349	-	33,812,104
Total Capital Assets	18,484,720	16,650,947	-	891,108	1,046,799	-	37,073,574
Total Assets	24,067,092	19,582,478	5,122,340	1,833,132	1,454,287	(90,789)	51,968,540
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Pension	226,929	226,928	-	-	-	-	453,857
Total Assets and Deferred Outflows of Resources	\$ 24,294,021	\$ 19,809,406	\$ 5,122,340	\$ 1,833,132	\$ 1,454,287	\$ (90,789)	\$ 52,422,397
LIABILITIES							
Current Liabilities:							
Accounts Payable	\$ 302,004	\$ 337,238	\$ 48,998	\$ -	\$ 22,429	\$ -	\$ 710,669
Salaries and Benefits Payable	18,185	7,251	-	-	5,113	-	30,549
Unearned Revenue	-	1,200	-	-	-	-	1,200
Deposits from Others	161,275	-	-	6,075	4,362	-	171,712
Interest Payable	-	23,493	-	-	-	-	23,493
Due to Other Funds	-	83,124	-	248	7,417	(90,789)	-
Current Portion of Compensated Absences	39,639	39,639	-	-	-	-	79,278
Current Portion of Long-Term Debt	357,603	440,579	-	-	-	-	798,182
Total Current Liabilities	878,706	932,524	48,998	6,323	39,321	(90,789)	1,815,083
Noncurrent Liabilities:							
Compensated Absences, Net of Current Portion	25,280	25,280	-	-	-	-	50,560
Net Pension Liability	968,181	968,181	-	-	-	-	1,936,362
Long-Term Debt	5,201,032	3,194,844	-	-	-	-	8,395,876
Total Noncurrent Liabilities	6,194,493	4,188,305	-	-	-	-	10,382,798
Total Liabilities	7,073,199	5,120,829	48,998	6,323	39,321	(90,789)	12,197,881
DEFERRED INFLOWS OF RESOURCES							
Pension	112,377	112,377	-	-	-	-	224,754
NET POSITION							
Net Investment in Capital Assets	12,926,085	13,015,524	-	891,108	1,046,799	-	27,879,516
Unrestricted	4,182,360	1,560,676	5,073,342	935,701	368,167	-	12,120,246
Total Net Position	17,108,445	14,576,200	5,073,342	1,826,809	1,414,966	-	39,999,762
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 24,294,021	\$ 19,809,406	\$ 5,122,340	\$ 1,833,132	\$ 1,454,287	\$ (90,789)	\$ 52,422,397

SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY DIVISION
YEAR ENDED JUNE 30, 2019

	Water Operations	Wastewater	Acquisition	Properties and Garbage	Parks and Recreation	Total
OPERATING REVENUES						
Customer Charges	\$ 3,267,540	\$ 2,581,671	\$ 34,823	\$ -	\$ 340,586	\$ 6,224,620
Service Charges	-	-	-	170,555	-	170,555
Washoe County Sewer Charge	-	169,904	-	-	-	169,904
Total Operating Revenues	<u>3,267,540</u>	<u>2,751,575</u>	<u>34,823</u>	<u>170,555</u>	<u>340,586</u>	<u>6,565,079</u>
OPERATING EXPENSES						
Salaries and Benefits	621,457	620,711	-	-	65,993	1,308,161
Purchased Water	1,256,670	-	-	-	-	1,256,670
Operating Expenses	19,082	781,369	-	4,385	78,153	882,989
Insurance	133,213	134,219	-	-	5,658	273,090
Materials, Supplies, and Repairs	43,079	21,655	135,323	6,219	9,203	215,479
General and Administrative	89,950	65,619	-	14,176	17,252	186,997
Licenses and Fees	75,976	57,875	-	-	3,418	137,269
Utilities	11,047	10,819	-	21,762	79,102	122,730
Office Supplies	54,226	53,218	(440)	528	6,575	114,107
Power for Pumping	45,746	-	-	-	-	45,746
Telephone	9,661	9,618	-	-	-	19,279
Professional Services	24,264	24,621	-	1,600	3,200	53,685
Depreciation and Amortization	719,583	736,542	-	11,458	82,917	1,550,500
Total Operating Expenses	<u>3,103,954</u>	<u>2,516,266</u>	<u>134,883</u>	<u>60,128</u>	<u>351,471</u>	<u>6,166,702</u>
OPERATING INCOME (EXPENSE)	<u>163,586</u>	<u>235,309</u>	<u>(100,060)</u>	<u>110,427</u>	<u>(10,885)</u>	<u>398,377</u>
NONOPERATING REVENUE (EXPENSE)						
Property Taxes	-	-	289,587	-	-	289,587
Combined Taxes	-	-	165,448	-	-	165,448
Interest Income	54,951	48,989	14,558	-	-	118,498
Interest Expense	(166,309)	33,650	-	-	-	(132,659)
Other Revenues	59,814	-	-	-	17,138	76,952
Gain (Loss) on Sale of Capital Assets	(106,588)	-	-	-	-	(106,588)
Total Nonoperating Revenues (Expenses)	<u>(158,132)</u>	<u>82,639</u>	<u>469,593</u>	<u>-</u>	<u>17,138</u>	<u>411,238</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>5,454</u>	<u>317,948</u>	<u>369,533</u>	<u>110,427</u>	<u>6,253</u>	<u>809,615</u>
Capital Grants and Contributions	961,421	1,439,980	-	-	-	2,401,401
Transfers In (Out)	<u>1,021,597</u>	<u>461,365</u>	<u>(1,482,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>1,988,472</u>	<u>2,219,293</u>	<u>(1,113,429)</u>	<u>110,427</u>	<u>6,253</u>	<u>3,211,016</u>
Total Net Position - Beginning of Year, Restated	<u>15,119,973</u>	<u>12,356,907</u>	<u>6,186,771</u>	<u>1,716,382</u>	<u>1,408,713</u>	<u>36,788,746</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 17,108,445</u>	<u>\$ 14,576,200</u>	<u>\$ 5,073,342</u>	<u>\$ 1,826,809</u>	<u>\$ 1,414,966</u>	<u>\$ 39,999,762</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF CASH FLOWS BY DIVISION
YEAR ENDED JUNE 30, 2019**

	Water Operations	Wastewater	Acquisition	Properties and Garbage	Parks and Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 3,236,749	\$ 2,737,968	\$ 36,443	\$ 170,705	\$ 335,582	\$ 6,517,447
Payments to Suppliers	(1,740,398)	(1,171,899)	(96,285)	(48,819)	(197,692)	(3,255,093)
Payments to Employees	(596,904)	(604,983)	-	-	(65,646)	(1,267,533)
Net Cash Provided (Used) for Operating Activities	899,447	961,086	(59,842)	121,886	72,244	1,994,821
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Tax Proceeds Not Attributable to Capital Purposes	-	-	455,035	-	-	455,035
Other Noncapital Receipts	59,760	-	-	-	17,138	76,898
Cash (Paid) Received from Other Funds	(83,676)	87,487	(11,476)	248	7,417	-
Net Cash Provided (Used) for Noncapital Financing Activities	(23,916)	87,487	443,559	248	24,555	531,933
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments of Principal on Long-Term Debt	(1,045,818)	(428,901)	-	-	-	(1,474,719)
Purchase of Capital Assets	(961,421)	(1,844,265)	(1,482,962)	-	-	(4,288,648)
Proceeds from Capital Contributions	961,421	1,439,980	-	-	-	2,401,401
Interest Paid	(251,176)	31,432	-	-	-	(219,744)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,296,994)	(801,754)	(1,482,962)	-	-	(3,581,710)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Income	54,951	48,989	14,558	-	-	118,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(366,512)	295,808	(1,084,687)	122,134	96,799	(936,458)
Cash and Cash Equivalents - Beginning of Year	5,362,599	2,566,061	6,202,551	819,890	266,800	15,217,901
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,996,087</u>	<u>\$ 2,861,869</u>	<u>\$ 5,117,864</u>	<u>\$ 942,024</u>	<u>\$ 363,599</u>	<u>\$ 14,281,443</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION						
Cash and Cash Equivalents in Current Assets	\$ 2,528,851	\$ 1,786,699	\$ 4,621,250	\$ 942,024	\$ 363,599	\$ 10,242,423
Cash and Cash Equivalents in Restricted Assets	2,467,236	1,075,170	496,614	-	-	4,039,020
Total Cash and Cash Equivalents	<u>\$ 4,996,087</u>	<u>\$ 2,861,869</u>	<u>\$ 5,117,864</u>	<u>\$ 942,024</u>	<u>\$ 363,599</u>	<u>\$ 14,281,443</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 163,586	\$ 235,309	\$ (100,060)	\$ 110,427	\$ (10,885)	\$ 398,377
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and Amortization	719,583	736,542	-	11,458	82,917	1,550,500
Changes in Assets and Liabilities:						
Accounts Receivable	(2,981)	(15,001)	-	-	-	(17,982)
Other Receivables	(22,560)	1,394	1,620	-	(5,156)	(24,702)
Inventory	(3,508)	(7,746)	-	-	-	(11,254)
Deferred Outflows	35,883	35,883	-	-	-	71,766
Prepaid Expenses	(73,983)	8,859	-	-	2,503	(62,621)
Accounts Payable	100,007	(13,999)	38,598	(149)	2,366	126,823
Deferred Inflows	101	101	-	-	-	202
Salaries and Benefits Payable	9,750	925	-	-	347	11,022
Compensated Absences	(14,817)	(14,817)	-	-	-	(29,634)
Deposits from Others	(5,250)	-	-	150	152	(4,948)
Net Pension Liability	(6,364)	(6,364)	-	-	-	(12,728)
Total Adjustments	735,861	725,777	40,218	11,459	83,129	1,596,444
Net Cash Provided (Used) by Operating Activities	<u>\$ 899,447</u>	<u>\$ 961,086</u>	<u>\$ (59,842)</u>	<u>\$ 121,886</u>	<u>\$ 72,244</u>	<u>\$ 1,994,821</u>

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Customer Charges	\$ 7,640,250	\$ 6,224,620	\$ (1,415,630)
Service Charges	121,045	170,555	49,510
Washoe County Sewer Charge	215,000	169,904	(45,096)
Total Operating Revenues	<u>7,976,295</u>	<u>6,565,079</u>	<u>(1,411,216)</u>
OPERATING EXPENSES			
Salaries and Benefits	1,499,324	1,308,161	191,163
Purchased Water	1,400,000	1,256,670	143,330
Operating Expenses	937,650	882,989	54,661
Insurance	288,300	273,090	15,210
Materials, Supplies, and Repairs	2,566,150	215,479	2,350,671
General and Administrative	218,275	186,997	31,278
Licenses and Fees	145,310	137,269	8,041
Utilities	145,500	122,730	22,770
Office Supplies	186,800	114,107	72,693
Power for Pumping	50,000	45,746	4,254
Telephone	15,800	19,279	(3,479)
Professional Services	134,500	53,685	80,815
Depreciation and Amortization	1,558,928	1,550,500	8,428
Total Operating Expenses	<u>9,146,537</u>	<u>6,166,702</u>	<u>2,979,835</u>
OPERATING INCOME	<u>(1,170,242)</u>	<u>398,377</u>	<u>1,568,619</u>
NONOPERATING REVENUE (EXPENSE)			
Property Taxes	289,007	289,587	(580)
Combined Taxes	131,944	165,448	(33,504)
Interest Income	60,500	118,498	(57,998)
Interest Expense	(217,729)	(132,659)	(85,070)
Other Revenues	500	76,952	(76,452)
Gain (Loss) on Sale of Capital Assets	-	(106,588)	106,588
Total Nonoperating Revenues (Expenses)	<u>264,222</u>	<u>411,238</u>	<u>(147,016)</u>
INCOME BEFORE CONTRIBUTIONS	(906,020)	809,615	1,421,603
Capital Grants and Contributions	<u>-</u>	<u>2,401,401</u>	<u>(2,401,401)</u>
CHANGE IN NET POSITION	<u>(906,020)</u>	<u>3,211,016</u>	<u>(979,798)</u>
Total Net Position - Beginning of Year, Restated		<u>36,788,746</u>	
TOTAL NET POSITION - END OF YEAR		<u>\$ 39,999,762</u>	

OTHER REPORTS



**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
Sun Valley General Improvement District
Sun Valley, 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 basic financial statements of Sun Valley General Improvement District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sun Valley General Improvement District's internal control over financial reporting (internal control) to determine the 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 Sun Valley General Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sun Valley General Improvement District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that we consider to be a material weakness.

Board of Trustees
Sun Valley General Improvement District

Compliance and Other Matters

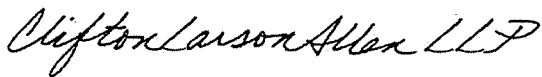
As part of obtaining reasonable assurance about whether Sun Valley General Improvement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Sun Valley General Improvement District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Sun Valley General Improvement District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Roseville, California
November 6, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REVENUE BOND RESOLUTIONS

Board of Trustees
Sun Valley General Improvement District
Sun Valley, 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 basic financial statements of Sun Valley General Improvement District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2019.

Independent Auditors' Report on Compliance with Revenue Bond Resolutions

In connection with our audit, nothing came to our attention that caused us to believe that Sun Valley General Improvement District failed to comply with the terms, covenants, and provisions of the bond resolutions on the Bonds outstanding of Sun Valley General Improvement District as of June 30, 2019, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Sun Valley General Improvement District's noncompliance with the above-referenced terms, covenants, provision, or conditions of the bond resolutions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Trustees and management of Sun Valley General Improvement District, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Roseville, California
November 6, 2019

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULES OF FINDINGS AND RESPONSES
JUNE 30, 2019**

FINDING 2019-001

Material Weakness in Internal Control over Financial Reporting – Capital Assets

Criteria:

Accounting principles generally accepted in the United States of America (GAAP) states that purchased capital assets should be reported at historical cost and donated assets should be recorded at their estimated acquisition value at the time received.

Condition:

The District did not capitalize costs related to a project shared with the Washoe County School District. In addition, the District did not properly record capital contributions received from the Washoe County School District for the project.

Context:

During the year, the District received approximately \$2.4 million in reimbursements from the Washoe County School District for costs incurred by the District in a capital project that would benefit the Washoe County School District. Rather than recording the reimbursements as a capital contribution and increasing the value of the capital asset, the District incorrectly offset expense incurred with revenue received from the District.

Effect or Potential Effect

An audit adjustment of \$2,401,401 was recorded, increasing capital contributions and capital assets.

Cause:

The District did not consider that donated assets and contributed costs would need to be capitalized when it prepared its capital asset reconciliation at year end.

Recommendation:

Management should review all potential capital asset activity, including donated assets and contributed costs, as part of its year end closing process.

Views of Responsible Official(s) and Planned Corrective Actions:

In response to the Auditor's finding and the prior years' Capital Asset deficiencies identified, SVGID is adopting Capital Assets Policy in accordance with GASB effective Fiscal Year 2019-2020. In addition to this, we are also revising our internal processes and procedures to control the activity that is recorded in the CIP fund.

Issue: The current SVGID methodology has been to record all cost share reimbursements as offsets to the expense accounts in order to arrive at the actual net expense to the District. The WCSD project had been set up in this manner in the prior fiscal year. We had elicited our Accounting firm to advise on the accounting treatment for the Donated/Contributed Assets and provided all the total cost schedules for the project. However, these types of Capital Asset projects need to be discussed at *the initial commencement* of the project not at the close of the project and during the audit engagement period unfortunately. Time constraints, lack of adequate resources and no proper records in Accounting has contributed to this issue and are being addressed.

To mitigate Audit Finding: SVGID will develop a formal comprehensive Capital Asset Policy and Procedure. SVGID has set-up new Contribution Revenue GL accounts to record funds collected and will not use the expense accounts for flow-through or joint venture projects going forward. Additionally, the Acquisition CIP (03) Fund Budgeted Expenditures will be assigned to specific GL accounts by Fund so all costs can be captured in aggregate Totals for all Capital Expenditure activity. Management

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
SCHEDULES OF FINDINGS AND RESPONSES
JUNE 30, 2019**

will be able to review the Asset Values easily with system reports. Management will engage Accounting **prior to** all Asset acquisitions for proper classification.

The Capital Asset Management Policies and Procedures will cover the following phases of the asset cycle:

- Planning and budgeting
- Acquisition
- Accounting
- Management
- Disposal

**SUN VALLEY GENERAL IMPROVEMENT DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2019**

FINDING 2018-001

Material Weakness in Internal Control over Financial Reporting—Capital Assets

Status:

Recommendation has been implemented in the current year. Management has implemented policies and procedures to record land and water rights assets into their capital asset system when assets are purchased or donated, and has been determined the historical costs and values to support the land and water rights on their listing. A prior period adjustment was recorded in the current year to agree the value of the land and water rights in the financial statements to the District's listing.

Condition:

Presently management does not have a record of land and water rights assets that includes the historical cost for purchases and estimated acquisition value at the time received for donations.

Recommendation:

Management should develop policies and procedures to record land and water rights assets into their capital asset system when assets are purchased or donated.

**VERDI TELEVISION MAINTENANCE DISTRICT
VERDI, NEVADA**



Financial Statements

For the Year Ended

June 30, 2019



Kevin J. Pikero & Associates, Inc.
Certified Public Accountants
235 West Pueblo Street
Reno, Nevada

VERDI TELEVISION MAINTENANCE DISTRICT

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KEVIN J. PIKERO & ASSOCIATES, INC.

Certified Public Accountants
235 West Pueblo Street
Reno, Nevada

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(775) 746-2900

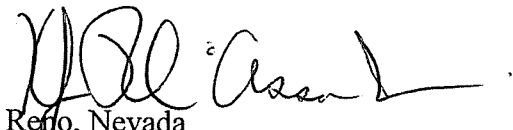
Report of Independent Certified Public Accountant

To the Board of Trustees of
Verdi Television Maintenance District
Verdi, Nevada

Management is responsible for the accompanying financial statements of Verdi Television Maintenance District, which comprise the statement of assets, liabilities, and fund equity as of June 30, 2019, with comparative totals as of June 30, 2018, and the related statement of revenues, expenses, and changes of fund equity – budget and actual, and the statement of cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion nor provide any form of assurance on these financial statements.

These financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, as described in Note 1 to the financial statements.

Management has omitted the management's discussion and analysis information that is required to be presented for the purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.


Reno, Nevada
October 29, 2019

VERDI TELEVISION MAINTENANCE DISTRICT
Statement of Assets, Liabilities and Fund Equity (Modified Cash Basis)
June 30, 2019
(With comparative totals for 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 747,730	\$ 751,556
Property and Equipment		
Building and improvements	52,699	52,699
Machinery and equipment	<u>601,183</u>	<u>589,227</u>
	653,882	641,926
Less: accumulated depreciation	<u>(506,187)</u>	<u>(477,537)</u>
Total Property and Equipment	<u>147,695</u>	<u>164,389</u>
Total Assets	<u>\$ 895,425</u>	<u>\$ 915,945</u>

LIABILITIES AND FUND EQUITY

Current Liabilities	\$ -	\$ -
Fund Equity - Unrestricted	<u>895,425</u>	<u>915,945</u>
Total Liabilities and Fund Equity	<u>\$ 895,425</u>	<u>\$ 915,945</u>

See accountant's compilation report and accompanying notes.

VERDI TELEVISION MAINTENANCE DISTRICT
Statement of Revenues, Expenses and Changes in Fund Equity (Modified Cash Basis)
For Year Ended June 30, 2019
(With comparative totals for 2018)

	2019			
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>2018</u>
Operating Revenues				
Rental income	\$ 600	\$ 600	\$ -	\$ 600
Operating Expenses				
Advertising	150	239	(89)	112
Bookkeeping & professional	36,000	36,000	-	36,000
Depreciation	33,000	28,650	4,350	29,878
Donations	5,000	5,000	-	5,000
Equipment rental	2,000	1,600	400	-
Insurance	4,500	4,672	(172)	4,216
Legal and accounting	2,250	2,250	-	2,000
Office expense	-	30	(89)	-
Rent	6,500	6,328	172	6,319
Repairs and maintenance	60,000	44,922	15,078	48,008
Special equipment	100,000	-	100,000	-
Utilities	5,300	5,463	(163)	7,787
Total Operating Expenses	<u>254,700</u>	<u>135,154</u>	107,590	<u>139,320</u>
Operating Gain (Loss)	(254,100)	(134,554)	107,590	(138,720)
Non-Operating Revenue				
Tax revenue	<u>110,893</u>	<u>112,762</u>	<u>1,869</u>	<u>115,542</u>
Other revenue-Tax refund	-	<u>1,272</u>	1,272	
Net Income (Loss)	<u>(\$ 143,207)</u>	(20,520)	<u>\$ 110,731</u>	(23,178)
Fund Equity – Beginning of Year		<u>915,945</u>		<u>939,123</u>
Fund Equity – End of Year		<u>\$ 895,425</u>		<u>\$ 915,945</u>

See accountant's compilation report and accompanying notes.

VERDI TELEVISION MAINTENANCE DISTRICT
Statement of Cash Flows (Modified Cash Basis)
For Years Ended June 30, 2019
(With comparative totals for 2018)

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	
Cash Flows from Operating Activities				
Cash received from rents	\$ 600	\$ 600	\$ -	\$ 600
Cash paid for goods and Services	(221,700)	(106,504)	115,196	(109,442)
Net cash provided (used) operating activities	(221,100)	(105,904)	115,196	(108,842)
Cash Flows from Capital and Related Financing Activities				
Purchase of fixed assets	-	(11,956)	(11,956)	-
Cash Flows from Investing Activities				
Tax revenue received	110,893	112,762	1,869	115,542
Tax refund received	-	1,272	1,272	
Net Increase (Decrease) In Cash	(110,207)	(3,826)	106,381	6,700
Cash Balance, Beginning of Year	710,364	751,556	41,192	744,856
Cash Balance, End of Year	<u>\$ 600,157</u>	<u>\$ 747,730</u>	<u>\$ 147,573</u>	<u>\$ 751,556</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income (loss)		(\$ 134,554)		(\$ 138,720)
Adjustments to reconcile Operating loss to net cash provided by operating activities				
Depreciation		28,650		29,878
Net Cash (Used) Provided by Operating Activities		<u>(\$ 105,904)</u>		<u>(\$ 108,842)</u>

See accountant's compilation report and accompanying notes.

VERDI TELEVISION MAINTENANCE DISTRICT
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The financial statements present the financial position, results of operations, changes in fund equity and cash flows for the Verdi Television Maintenance District, which is under the jurisdiction of the Verdi Television Maintenance District's Board of Trustees. The District was created and operates under Chapter 318 of the Nevada Revised Statutes. The District is fiscally independent of all other government entities and has no component units nor is it a component unit of another entity.

The District provides television rebroadcast services for the people living within the District and is managed by five trustees elected by popular vote. The Board does not have the power to levy taxes.

The Board annually certifies the amount of money necessary to maintain equipment and property of the District. The revenues, which the District is entitled to receive, is established by the Nevada Revised Statutes.

Fund Accounting

The accounts of the Verdi Television Maintenance District are organized into one fund, an Enterprise Fund. The measurement focus of an Enterprise Fund is to determine net income and, as such, the Verdi Television Maintenance District accounting records are maintained on the cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures/expenses which they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

See accountant's compilation report and accompanying notes.

VERDI TELEVISION MAINTENANCE DISTRICT
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

Fixed Assets

Valuation – The basis for valuing the District’s capital assets has primarily been historical cost.

Depreciation – Depreciation is calculated using the straight-line method over the estimated useful lives of fixed assets. Total depreciation for years ended 2019 and 2018 is \$28,650 and \$29,878, respectively.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities and the reported amounts of revenues and expenses for the year ended June 30, 2019. These estimates are based on management’s knowledge and experience and due to their prospective nature, actual results could differ from those estimates.

Economic Dependency

The District receives funds from the County based on an estimated resident population as of July 1 for each year. If the population base in Verdi should significantly decrease, the revenues of the District would decrease correspondingly.

Budgets Policies

The Verdi Television District is exempt from certain budget requirements under Nevada Revised Statutes which would ordinarily require the submission of a tentative budget each year. The petition for exemption must be submitted to the Nevada Department of Taxation on or before March 1 each year to be effective for the succeeding fiscal year. Thus the Verdi Television District is in compliance with the Local Government Budget Act within the Nevada Revised Statutes.

VERDI TELEVISION MAINTENANCE DISTRICT

Notes to Financial Statements

June 30, 2019

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

1. The Budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year end.
2. Budget amounts may be transferred if amounts do not exceed the original budget. Budget augmentations in excess of original budgetary amounts may be implemented by including the augmentation in the next quarterly report to the Department of Taxation, Budget transfers and augmentations must be approved by the Board of Trustees.
3. In accordance with State Statute and the Nevada Administrative Code, actual expenses may not exceed the sum of budgeted operating and non-operating expenses.

There were no amendments to the 2018-2019 budget during the year.

Summary of Accounting Basis Used in Financial Statements:

The accompanying financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accounting principles generally accepted in the United States of America require all revenue and accounts receivable to be recorded in the period in which revenue is earned, and expenses and accounts payable to be recorded in the period in which they are incurred. In the accompanying financial statements, certain revenue has been recorded when cash is received, and certain expenses have been recorded when cash is disbursed.

Cash

The District maintains all of its cash accounts with the Washoe County Treasurer in Reno, Nevada. The carrying amount is the same as the amount on deposit with the Washoe County Treasurer. The treasurer obtains collateral held in the name of the District.

	<u>2019</u>	<u>2018</u>
Carrying amount	<u>\$ 747,730</u>	<u>\$ 751,556</u>
On deposit with County Treasurer	<u>\$ 747,730</u>	<u>\$ 751,556</u>

See accountant's compilation report and accompanying notes.

VERDI TELEVISION MAINTENANCE DISTRICT**Notes to Financial Statements****June 30, 2019****2. PROPERTY AND EQUIPMENT**

	<u>2019</u>	<u>2018</u>
Building and improvements	\$ 52,699	\$ 52,699
Machinery and equipment	<u>601,183</u>	<u>589,227</u>
	653,882	641,926
Less: accumulated depreciation	<u>(506,187)</u>	<u>(477,537)</u>
Total Property and Equipment	<u>\$ 147,695</u>	<u>\$ 164,389</u>

3. SUBSEQUENT EVENTS

The District did not have any subsequent events through October 29, 2019, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2019.

See accountant's compilation report and accompanying notes.