

**CARSON-TRUCKEE WATER
CONSERVANCY DISTRICT**

FINANCIAL STATEMENTS

**Fiscal Year Ended
June 30, 2024**

DRAFT



**SILVA, SCEIRINE
& ASSOCIATES, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Balance Sheet - General Fund	9
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Change in Fund Balance - General Fund	11
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	13
Notes to the Financial Statements	14
COMPLIANCE SECTION	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Schedule of Findings and Responses	25
Schedule of Prior Findings and Responses	27
Auditor's Comments	28



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Carson-Truckee Water Conservancy District
Reno, Nevada

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carson-Truckee Water Conservancy District as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation in the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

Prior Year Partial Comparative Information

The basic financial statements of the District for the year ended June 30, 2023 were audited by other auditors whose report dated October 31, 2023, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

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

Reno, Nevada
November XX, 2024

DRAFT

**Carson-Truckee Water Conservancy District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

As management of the Carson-Truckee Water Conservancy District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the current fiscal year by \$2,184,118 (*net position*). This amount represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased \$124,704 during the current year.
- The District's governmental fund reported a fund balance of \$2,183,634, an increase of \$142,579 from the prior year.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of:

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

The District uses the modified accrual basis of accounting for internal financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The financial statements include a statement of net position and governmental fund balance sheet, a statement of activities and governmental fund revenue, expenditures and changes in fund balance, and notes to the financial statements.

The statement of net position and governmental fund balance sheet presents the financial information of the District on both the modified accrual basis under the general fund and the full accrual basis as net position. This statement provides information on the District's assets and liabilities with the difference reported as net position and information about the nature and amount of resources and obligations at year-end. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities and governmental fund revenue, expenditures and changes in fund balance present the results of the activities over the course of the fiscal years and information as to how the fund balance and net position changed during the most recent year. The fund balance changes under the modified accrual method when revenue is received or the expenditure is made, while changes in net position under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The notes to the financial statements provide required disclosures and other information that is necessary to acquire a full understanding of the data provided in the statements. The notes present information about the District’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The District also adopts annual appropriated budgets for its general fund. A budgetary comparison statement is included to demonstrate compliance with the budget.

Below is a summary of the District’s net position for 2024 compared to 2023:

Statement of Net Position

	2024	2023	Change
Assets:			
Cash	\$ 487,277	\$ 615,630	\$ (128,353)
Investments	1,677,234	1,394,024	283,210
Due from other governments	83,720	81,721	1,999
Deposit	750	750	-
Total current assets	<u>2,248,981</u>	<u>2,092,125</u>	156,856
Capital assets, net of accumulated depreciation	-	17,875	(17,875)
Right to use asset, net of accumulated amortization	35,099	42,726	(7,627)
Total noncurrent assets	<u>35,099</u>	<u>60,601</u>	(25,502)
Total assets	<u>2,284,080</u>	<u>2,152,726</u>	131,354
Liabilities	<u>99,962</u>	<u>93,312</u>	207,457
Net Position	<u>\$ 2,149,019</u>	<u>\$ 2,059,414</u>	<u>\$ 940,706</u>

The changes in the District’s net position for the years ended June 30, 2024 and 2023 are presented below:

Statement of Activities

Years Ended June 30,	2024	2023	Change
Tax revenue	\$ 466,589	\$ 450,444	\$ 16,145
Investment income	85,764	33,616	52,148
Other income	6,000	13,991	(7,991)
Total Revenue	558,353	498,051	60,302
Expenses - General Government	433,649	319,029	114,620
Change in Net Position	\$ 124,704	\$ 179,022	\$ (54,318)

Revenue: Total revenue received by the District for the year ended June 30, 2024, was \$558,353 representing a \$60,302 increase over the year ended June 30, 2023. The increase is primarily due to increased returns on investments.

Expenses: Expenses for the year ended June 30, 2024, totaled \$433,649 representing an increase over the year ended June 30, 2023, of \$114,620. The increase is primarily related to spending for contracted services.

General Fund Budgetary Highlights

Taxes are the general fund’s primary sources of revenue. This includes state consolidated tax revenue of \$411,273, and fair share taxes of \$55,316. Actual general fund tax revenue was 2.6% more than budgeted, while total revenue was 15.1% higher than budgeted, due to increased returns on invested assets. Expenditures were less than budget by 12.5% due primarily to lower-than-expected amounts for grants to agencies.

Economic Factors and Next Year’s Budgets and Rates

The following economic factor was considered in developing the 2024-2025 fiscal year budget:

- District revenues are projected to remain mostly steady for consolidated and fair share taxes.
- Investment income is projected to be comparable to the prior year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District President, Carson-Truckee Water Conservancy District, 1005 Terminal Way, #150, Reno, Nevada, 89502.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash	\$ 487,277
Investments	1,677,234
Due from other governments	
Fair share tax	11,899
Consolidated tax	71,821
Deposit	750
Total current assets	<u>2,248,981</u>
Noncurrent Asset	
Right to use asset, net of accumulated amortization	<u>35,099</u>
Total assets	2,284,080
LIABILITIES	
Current liabilities	
Accounts payable	65,347
Current portion of lease liability	8,365
Total current liabilities	<u>73,712</u>
Noncurrent liabilities	
Lease liability, net of current portion	<u>26,250</u>
Total liabilities	99,962
TOTAL NET POSITION	
Unrestricted	<u>2,184,118</u>
Total Net Position	<u><u>\$ 2,184,118</u></u>

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributio	Net (Expense) Revenue and Changes in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES			
General government	\$ 433,649	\$ -	\$ (433,649)
Total governmental activities	<u>\$ 433,649</u>	<u>\$ -</u>	<u>(433,649)</u>
General revenues:			
Consolidated tax			411,273
Fair share			55,316
Investment income			85,764
Miscellaneous			6,000
Total general revenues			<u>558,353</u>
Change in net position			124,704
NET POSITION, July 1, 2023			<u>2,059,414</u>
NET POSITION, June 30, 2024			<u>\$ 2,184,118</u>

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

BALANCE SHEET - GENERAL FUND YEAR ENDED JUNE 30, 2024

ASSETS

Cash	\$ 487,277
Investments	1,677,234
Due from other governments	
Fair share tax	11,899
Consolidated tax	71,821
Deposit	<u>750</u>
Total assets	<u><u>\$ 2,248,981</u></u>

LIABILITIES

Accounts payable	<u>\$ 65,347</u>
Total liabilities	65,347

FUND BALANCES

Unassigned	<u>2,183,634</u>
Total fund balance	<u><u>2,183,634</u></u>
Total liabilities and fund balances	<u><u>\$ 2,248,981</u></u>

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2024

Fund Balance - Governmental Funds \$ 2,183,634

Amounts reported for governmental activities in the Statement of Net Position are different because:

Right to use leased assets are not financial resources and therefore are not reported in the governmental funds.

Right to use assets	\$ 82,903	
Less accumulated amortization	<u>(47,804)</u>	
		35,099

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds.

Lease liability		<u>(34,615)</u>
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Net Position - Governmental Activities \$ 2,184,118

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND YEAR ENDED JUNE 30, 2024

REVENUES

Intergovernmental	\$ 466,589
Interest	85,764
Miscellaneous	6,000
Total revenues	<u>558,353</u>

EXPENDITURES

General government	<u>415,774</u>
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Net change in fund balance 142,579

FUND BALANCE, July 1 2,041,055

FUND BALANCE, June 30 \$ 2,183,634

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Governmental Funds **\$ 142,579**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives.

Current year depreciation expense	\$ 17,875	
Amortization expense for right to use asset	<u>7,627</u>	
		(25,502)

The repayment of the principal on long-term lease liabilities is an expenditure in governmental funds, but the repayment reduces liabilities on the Statement of Net Position.

Principal payments on long-term lease liability	<u>7,627</u>	
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Change in Net Position of Governmental Activities **\$ 124,704**

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUE				
Intergovernmental				
Consolidated taxes	\$ 440,189	\$ 440,189	\$ 411,273	\$ (28,916)
AB 104, fair share revenue	14,795	14,795	55,316	40,521
Total intergovernmental	454,984	454,984	466,589	11,605
Miscellaneous				
Interest	20,000	20,000	85,764	65,764
Other	50	50	6,000	5,950
Total miscellaneous	20,050	20,050	91,764	71,714
Total revenue	475,034	475,034	558,353	71,714
EXPENDITURES				
Payroll taxes and benefits	2,900	2,900	637	(2,263)
Services and supplies	190,434	190,434	252,395	61,961
Project grants	281,700	281,700	162,742	(118,958)
Total expenditures	475,034	475,034	415,774	(59,260)
Net change in fund balance	-	-	142,579	(59,260)
FUND BALANCE, July 1	1,846,262	1,846,262	2,041,055	194,793
FUND BALANCE, June 30	\$ 1,846,262	\$ 1,846,262	\$ 2,183,634	\$ 337,372

See accompanying notes.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Carson-Truckee Water Conservancy District (the District) was formed in 1958 for the purpose of contracting with the United States Department of the Interior and distributing water to users within its boundaries. The District is geographically located in six Nevada counties: Washoe, Storey, Carson City, Churchill, Douglas and Lyon.

The accompanying financial statements of the Carson-Truckee Water Conservancy District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for governmental accounting and financial reporting.

The following is a summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements.

Reporting Entity

The financial statements present the financial position, results of operations, changes in fund balance, and change in net position of the fund under the direct jurisdiction of the Board of Directors of the District. The District receives funding from local government sources and must comply with the existing requirements of those funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in GASB pronouncements, and the District has no component units that are required to be combined in the financial statements.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's general fund). The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

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

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Basic Financial Statements – Fund Accounting

The District reports one major governmental fund, the general fund, which is the District's general operating fund and is used to account for all financial resources. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The recorded fund balance (net current assets) is considered a measure of "available spendable resources". Operating statements for governmental funds present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Basis of Presentation

Under standard GASB 34 methodology, the government-wide statement of net position and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Fund Financial Statements

Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are due, but will not be collected within this 60 day period, the receivable is recorded and an offsetting deferred inflow of resources account is established. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed, and revenue is recognized.

Consolidated taxes, fair share revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other items are considered to be measurable and available only when the District receives cash.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Expenditures are generally recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to debt service are recorded only when the payment is due.

Budgets and Budgetary Accounting

The District adheres to the *Local Government Budget and Finance Act* incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data which is reflected in these financial statements:

1. Prior to April 15, the Board of Directors submits to the State of Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
2. A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
3. On or before June 1, the budget is legally adopted by a majority vote of the Board of Directors.
4. The Board of Directors may augment the appropriations by a majority vote of the Board.
5. The Board is authorized to transfer appropriations between and within accounts if amounts do not exceed the approved budget.
6. Budgeted appropriations generally may not be exceeded by actual expenditures for any function (excluding the debt service function) in the budgeted governmental funds.
7. Budgets are adopted for the governmental fund, on a basis consistent with GAAP. Appropriations lapse at year-end.

Cash and Investments

Cash balances from the general fund are invested as permitted by law. Pursuant to NRS 541.140, the District may invest in Treasury notes or bonds of the United States or any state, county or municipal corporation. The District may also invest in the Local Government Investment Pool (LGIP). The District's investment in the LGIP is stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

Concentration of Credit Risk

The District maintains its cash accounts in various deposit accounts, the balance of which are periodically in excess of federally insured limits.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term, highly liquid investments, generally with original maturities of three months or less. All amounts are considered available on demand and are, therefore, classified as cash and cash equivalents.

Receivables

Due from other governments represents amounts receivable for consolidated and fair share taxes.

No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

The District defines capital assets as having an initial, individual cost of more than \$800 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value as of the date of donation. The costs of maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Capital assets are depreciated using the straight-line method over the assets' estimated useful lives.

In the fund financial statements, capital assets used in operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

GASB 87- Leases

GASB Statement 87 requires recognition of certain lease assets and liabilities for leases that are classified as operating leases and to recognize inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use asset.

Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other long-term liabilities are reported as liabilities in the governmental activity Statement of Net Position.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Equity

Net Position

There are three types of net position in the statements of net position:

Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by any outstanding debt attributable to the acquisition, construction, or improvement of the capital assets. The District’s capital assets are fully depreciated as of June 30, 2024.

Restricted net position – Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District has no items that are considered to be restricted net position.

Unrestricted net position – Consists of net position which does not meet the definition of either “net investment in capital assets” or “restricted net position”.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to honor constraints imposed upon the use of the resources in the governmental funds. The classifications are:

Nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, prepaid amounts. The District has no nonspendable fund balance at June 30, 2024.

Restricted fund balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or rescinded only with the consent of resource providers. The District has no restricted fund balance at June 30, 2024.

Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the Board of Directors of the District. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: a resolution). The District has no committed fund balance at June 30, 2024.

Assigned fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by the District Board of Directors. Assigned funds represent the amounts budgeted for the subsequent year’s opening fund balance. The District has no assigned fund balance at June 30, 2024.

Unassigned fund balance in the general fund represents all amounts not included in the other four classifications.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

The District's Board of Directors has adopted, via resolution passed by the Board of Directors, a policy regarding the fund balance in the general fund. This policy calls for a minimum unassigned general fund balance equivalent to \$350,000 for use in emergency situations or when required spending exceeds current year funding.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses/expenditures and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from these estimates.

Comparative Data

Comparative total data for the prior year has been provided on the budgetary comparison schedule to facilitate financial analysis. It is not considered full disclosure of transactions for fiscal year 2023. Such information can only be obtained by referring to the audited financial statements for that year.

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

The District conformed to all significant statutory constraints on its financial administration during the year, in compliance with NRS 354.626.

NOTE 3 – CASH AND INVESTMENTS

As of June 30, 2024, the District had the following amounts reported as cash and investments:

Total investments		
State of Nevada LGIP	\$	1,677,234
Total cash		<u>487,277</u>
Total cash and investments	\$	<u><u>2,164,511</u></u>

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

By provisions of state statutes, the District is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada and must be subject to withdrawal on demand at any time. Further, the District is a voluntary participant in the State of Nevada LGIP, which has regulatory oversight from the Board of Finance of the State of Nevada. NRS 355.170 sets forth acceptable investments for Nevada local governments. The District has not adopted 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 - the risk of possible reduction in the value of a security, especially a bond resulting from a rise in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute. The approximate weighted average maturity of investment in the LGIP is 82 days. As of June 30, 2024, the District's investment in the LGIP of \$1,677,234 matures in less than one year.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The LGIP is an unrated external investment pool and as noted above, the District does not have formal investment policy that specifies minimum acceptable credit ratings beyond those specified in the statute.

The District categorizes its fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in the LGIP are classified as Level 1.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 is shown below:

	Balance			Balance
	July 1, 2023	Additions	Deletions	June 30, 2024
Governmental activities				
Capital assets being depreciated	\$ 82,634	\$ -	\$ -	\$ 82,634
Less accumulated depreciation	64,759	17,875	-	82,634
Governmental capital assets, net	<u>\$ 17,875</u>	<u>\$ (17,875)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2024 was \$17,875.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5 - LEASE

The District, jointly with another District, entered into an office lease at 1005 Terminal Way for 60 months commencing April 1, 2018. The lease was extended through March 31, 2028. Terms of the lease include monthly payments beginning at \$1,514, increasing by 4.5% yearly. The risk-free discount rate regarding this lease calculation is 4.0%.

During the year ended June 30, 2024, Carson Truckee Water Conservancy District recorded \$7,627 of amortization expense and \$1,595 of interest expense for the right to use of this office space.

The following schedule shows future obligations under this lease for the years ending June 30:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,365	\$ 1,272	\$ 9,566
2026	9,153	918	10,071
2027	9,994	531	10,525
2028	7,103	121	7,224
	<u>\$ 34,615</u>	<u>\$ 2,842</u>	<u>\$ 37,386</u>

The District had the following right to use asset activity during the year ended June 30, 2024:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Right-to-use asset				
Office space	\$ 82,903	\$ -	\$ -	\$ 82,903
Accumulated amortization				
Office space	(40,177)	(7,627)	-	(47,804)
	<u>\$ 42,726</u>	<u>\$ (7,627)</u>	<u>\$ -</u>	<u>\$ 35,099</u>

NOTE 6 – TAX ABATEMENT

The District's Consolidated Tax revenues were reduced by \$16,505 under agreements entered into by the State of Nevada.

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

To the Board of Directors
Carson-Truckee Water Conservancy District
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Carson-Truckee Water Conservancy District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carson-Truckee Water Conservancy District's basic financial statements, and have issued our report thereon dated November XX, 2024.

Report on Internal Control over Financial Reporting

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Carson-Truckee Water Conservancy District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reno, Nevada
November XX, 2024

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #2024-001 – Material Weakness in Internal Control of Financial Reporting – Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)

This is an edited repeat of Finding #2023-001.

Criteria:

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements. Additionally, during the course of our engagement we proposed material adjustments to account balances.

Condition:

The District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited or to adjust account balances at year end for accruals and receivables. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Although this circumstance is not unusual for a government the size of the District, the preparation of financial statements as part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by contracted accounting staff. In addition, the absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, in a timely manner by the District's internal control system. This occurred during the current year as there were material adjusting entries required to correct beginning fund balance and current year revenue, to record receivables for tax revenues, to record accounts payable and related expenditures and to record investment earnings. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Cause:

Rather than hiring or contracting personnel with the ability to provide full disclosure financial statements throughout the year, the District has elected to contract with Silva, Sceirine & Associates to prepare its financial statements and related financial statement disclosures annually.

Effect:

Internally prepared financial information provided to the Board during the year may not be accurate and full disclosure financial statements are not available as timely as they would be if prepared by District personnel.

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2024

Recommendation:

It is not recommended that the District engage the services of a separate accounting firm to assist in preparing its governmental financial statements and related financial statement disclosures solely to avoid having a significant deficiency or material weakness as it is not assured that the benefit would outweigh the costs. The District's current contracted accounting personnel should monitor investment income and year-end accruals to ensure that there are no material adjustments at year end.

View of Responsible Officials:

Response to be provided

DRAFT

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #2023-001 – Material Weakness in Internal Control of Financial Reporting – Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)

Condition:

The District did not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited or to adjust account balances at year end for accruals and receivables. In conjunction with the completion of the audit, the Independent Auditor was requested to draft the financial statements and accompanying notes to those financial statements. Although this circumstance is not unusual for a government the size of the District, the preparation of financial statements as part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared District personnel. In addition, the absence of controls over the preparation of the financial statements and related financial statement disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, in a timely manner by the District's internal control. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Current Status:

This is a continued finding for the 2024 year. See Finding 2024-001.



To the Board of Director of the
Carson-Truckee Water Conservancy District
Reno, Nevada

In connection with our audit of the financial statements of the governmental activities and the major fund of the Carson-Truckee Water Conservancy District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes. 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 the District's noncompliance with the requirements of Nevada Revised Statutes, insofar as they relate to accounting matters.

Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

The District monitored all significant constraints on its financial administration during the year ended June 30, 2024.

Current Year Audit Recommendations

In addition to the recommendations made in Finding 2024-001, reported on the previous page, we recommend that the Board routinely monitor the cash and investment balances available to be allocated for the purposes for which the District was formed.

Prior Year Audit Recommendations

Recommendations were made in prior year Audit Finding 2023-001, and are repeated in current year Finding 2024-001.

Reno, Nevada
November XX, 2024