



Financial Statements
June 30, 2021

Tahoe-Douglas Visitor's Authority

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Independent Auditor's Report

To the Board of Directors
Tahoe-Douglas Visitor's Authority
Lake Tahoe, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and fund information of Tahoe-Douglas Visitor's Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Authority, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 21, respectively, be presented to supplement the basic financial statements.

The management's discussion and analysis, 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 management's discussion and analysis 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.

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

Report on Summarized Comparative Information

We have previously audited 2020 financial statements of Tahoe-Douglas Visitor's Authority, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the Tahoe-Douglas Visitor's Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned to the left of the typed text below.

Reno, Nevada
November 30, 2021

The management's discussion and analysis of the Tahoe-Douglas Visitor's Authority's (Authority) financial condition and activities for the fiscal year ended June 30, 2021, is presented in conjunction with the audited financial statements.

The Authority provides marketing, advertising and events designed to bring tourists to the south shore of Lake Tahoe. Its primary goal is to increase hotel occupancy and gaming revenues in the Tahoe Township (Lake Tahoe) portion of Douglas County, Nevada. The financial statements reflect the application of various resources toward achieving this goal as well as the status of the Authority's assets, liabilities and fund balance at year-end.

Financial Highlights

Based upon the previous fiscal year actual revenue, the Authority's 2021 revenue budget remained conservative to reflect regional and national lodging occupancy trends. Year-end revenue allowed the Authority to fund initiatives as planned and included advertising, public relations, sales and events, including Operation Sierra Storm, Harvey's Lake Tahoe Summer Concert Series and American Century Championship.

The Authority has a Memorandum of Understanding with the Lake Tahoe Visitors Authority (LTVA) and the South Lake Tahoe Tourism Improvement District (SLTTID), recognizing the LTVA as the Destination Marketing Organization for the South Lake Tahoe area, which includes the Tahoe Township. The Authority funds contribute significantly to the LTVA's destination promotion efforts that include advertising, public relations, domestic and international sales, marketing, special events and visitor information services. As the economy bounces back from the COVID-19 pandemic, causing Tahoe Township and City of South Lake Tahoe businesses to reopen, the Authority projected its budget to reflect more revenues for fiscal year 2021. The Authority increased some expenses to the LTVA.

During fiscal year 2021, the Authority was successful in its issuance of bonds, which allowed the Authority to use \$100 million dollars towards the construction of the event center.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's strategic plan, budget, and other management tools were used for this analysis.

The Authority uses the modified accrual basis of accounting for financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The financial statements include a balance sheet; a statement of revenue, expenditures, and changes in fund balance; and notes to the financial statements.

The Statement of Net Position and Governmental Fund Balance Sheet present the financial position of the Authority on both the modified accrual basis under the general fund and the full accrual historical cost basis as net position. This statement provides information on the Authority's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Net Position and Governmental Fund Balance Sheet provides information about the nature and amount of resources and obligations at year-end. 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 year and information as to how the fund balance and net position changed during the 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. This statement also provides certain information about the Authority's recovery of its costs.

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

The financial statements were prepared from the detailed books and records of the Authority.

For the year ended June 30, 2021, the Authority has \$95.5 million in total differences between the fund financial statements and the government-wide financial statements. The differences are related to revenue received from Douglas County, issuance of bonds, and capital improvements. The Authority has chosen to report the two sets of financial statements as a single presentation.

Financial Analysis

Assets increased significantly this fiscal year in part due to the receipt higher of than prior year room tax and redevelopment area tax revenues (increased \$3.7 million), issuance of bonds, and also because the Authority capitalized expenditures of \$16.1 million for the event center. The Authority increased expenditures such as funding agreements from prior year in preparation for planned capital expenses anticipated for the event center. Liabilities increased significantly this fiscal year in part due to the accounts payable, issuance of bonds, and bond interest payable.

The following is a summary of financial position based upon the government-wide financial statements as of June 30:

	<u>2021</u>	<u>2020</u>
Current assets	\$ 129,585,285	\$ 12,987,008
Capital assets not being depreciated	21,553,158	5,525,546
Capital assets being depreciated	<u>72,500</u>	<u>-</u>
	151,210,943	18,512,554
Total liabilities	<u>125,402,342</u>	<u>162,744</u>
Net investment in capital assets	21,625,658	5,525,546
Restricted	5,890,900	1,911,300
Unrestricted	<u>(1,707,957)</u>	<u>10,912,964</u>
Total net position	<u>\$ 25,808,601</u>	<u>\$ 18,349,810</u>

Room tax revenue increased compared to the prior year by \$3.7 million, or 41%. This increase was due to the economy reopening from the COVID-19 pandemic and more travelers purchasing rooms in the Tahoe area. The Authority increased expenses specifically capital expenses related to the event center.

The following is a summary of the statement of activities for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Room tax revenue	\$ 12,659,930	\$ 8,976,429
Redevelopment area tax	1,028,872	1,911,300.00
Other revenues	<u>309,462</u>	<u>193,205</u>
Total revenues	13,998,264	11,080,934
Total expenditures	<u>6,539,473</u>	<u>2,974,114</u>
Change in net position	7,458,791	8,106,820
Beginning fund balance	18,349,810	10,242,990
Ending fund balance	<u>\$ 25,808,601</u>	<u>\$ 18,349,810</u>

Results of Operations

Room tax and redevelopment area tax revenues were significantly less than compared to the budget. The new bond proceeds increased revenues by \$117 million. Other revenues were less budget by 8%. Expenditures were over budget by 46% due to the capital outlay expenditure being \$16.2 million. Overall, the Authority's change excess of revenue over expenditures increased fund balance by 923%.

The biggest change from the budget was less revenue received for taxes than the budget, the increase from the bond proceeds, and overspending the fiscal year 2021 Event Center expenditure line item. The Authority budgeted \$16.8 million in tax revenue which much less due to the recovery from the coronavirus pandemic being slower than expected. The Authority budgeted \$9.7 million in Event Center expenses, not completely able to estimate pre-construction consultant costs and the timing of those costs.

	2021		2020	
	Budget	Actual	Budget	Actual
Room tax revenue	\$ 16,842,514	\$ 13,602,963	\$ 13,343,160	\$ 8,626,252
Redevelopment area tax	-	1,028,872	-	1,911,300
Bond proceeds	-	117,408,735	-	-
Other revenues	285,100	309,462	244,720	193,205
Total revenues	17,127,614	132,350,032	13,587,880	10,730,757
Community support	5,515,121	2,935,874	4,150,927	2,974,114
Capital outlay	-	16,102,612	9,363,456	4,687,187
Bond debt service	9,747,950	3,601,099	-	-
Total expenditures	15,263,071	22,639,585	13,514,383	7,661,301
Excess of revenue over expenditures	1,864,543	109,710,447	73,497	3,069,456
Beginning fund balance	5,609,203	11,881,231	5,535,706	8,811,775
Ending fund balance	\$ 7,473,746	\$ 121,591,678	\$ 5,609,203	\$ 11,881,231

Capital Assets

The Authority capitalizes assets towards the building of the event center. The established policy for capitalization includes expenses related to consultants (including some legal) involved in providing regulatory agencies with project approval required information, consultants involved in pre-construction specific activities not included are financial and most legal expense, Public Relations and informational reports. Marketing and promotion costs are not included.

Economic Factors

During the 2020-2021 fiscal year (FY20), the Authority was able to issue bonds and the Event Center continued to be constructed. The Authority anticipated continuing funding of special events such as Heavenly Holidays, the Harveys Concert Series and American Century Championship. COVID-19 resulted in the cancellation of the Concert Series and the ACC event occurred without spectators. The \$5/night/room Tourism Surcharge will continue to be collected and used towards event center operations. Douglas County experienced vacation rental segment collection challenges and the \$5 surcharge revenues anticipated were below budget. A capture of those revenues in arrears is anticipated over the next year as Douglas County brings on a new partner in that collection activity.

Final Comments

The Authority continues to test new marketing programs and refine those which have proven successful. Cooperative advertising programs partnering public and private entities continue to be successful. The programs allow the participants to achieve greater market impact. Similar results are being achieved by consolidating marketing efforts with the Lake Tahoe Visitors Authority.

This financial report is designed to provide the reader with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Carol Chaplin, at P.O. Box 6777, Lake Tahoe, Nevada 89449.

Tahoe-Douglas Visitor's Authority
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2021

	General Fund	Adjustments (Note 9)	Statement of Net Assets
Assets			
Cash and investments	\$ 97,473,570	\$ -	\$ 97,473,570
Restricted deposits	28,909,303	-	28,909,303
Due from other governments	3,144,095	-	3,144,095
Prepaid expenses	31,917	-	31,917
Deposits	26,400	-	26,400
Capital assets, not being depreciated			
Construction in progress-Event Center	-	21,553,158	21,553,158
Capital assets, being depreciated			
Equipment, net of accumulated depreciation	-	72,500	72,500
Total assets	<u>\$ 129,585,285</u>	<u>\$ 21,625,658</u>	<u>\$ 151,210,943</u>
Liabilities			
Accounts payable	\$ 4,435,886	\$ -	\$ 4,435,886
Non-current liabilities			
Due in one year	3,557,721	-	3,557,721
Due in more than one year	-	117,408,735	117,408,735
Total liabilities	<u>7,993,607</u>	<u>117,408,735</u>	<u>125,402,342</u>
Fund Balance / Net Position			
Fund balance			
Nonspendable			
Prepaid expenses	31,917	(31,917)	-
Deposits	26,400	(26,400)	-
Restricted			
Trustee held deposits	5,890,900	(5,890,900)	-
Committed			
Tahoe Township marketing	4,010,000	(4,010,000)	-
Unassigned	111,632,461	(111,632,461)	-
Total fund balance	<u>121,591,678</u>	<u>(121,591,678)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 129,585,285</u>		
Net position			
Net investment in capital assets		7,895,350	7,895,350
Restricted		5,890,900	5,890,900
Unrestricted		12,022,351	12,022,351
Total net position		<u>\$ 25,808,601</u>	<u>\$ 25,808,601</u>

Tahoe-Douglas Visitor's Authority

Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2021

	General Fund	Adjustments (Note 9)	Statement of Activities
Expenditures/expenses			
General government	\$ 1,097,449	\$ 2,500	\$ 1,099,949
Capital outlay	16,102,612	(16,102,612)	-
Economic development	1,838,425	-	1,838,425
Interest on bonds	3,601,099	-	3,601,099
Total expenditures	<u>22,639,585</u>	<u>(16,100,112)</u>	<u>6,539,473</u>
General Revenues			
Room taxes	13,602,963	(943,033)	12,659,930
Redevelopment area tax	1,028,872	-	1,028,872
Grant income	110,003	-	110,003
In-kind contributions	75,000	-	75,000
Investment income	124,459	-	124,459
Total general revenue	<u>14,941,297</u>	<u>(943,033)</u>	<u>13,998,264</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(7,698,288)</u>	<u>7,698,288</u>	<u>-</u>
Other Financing Sources (Uses)			
Issuance of bonds	112,060,000	(112,060,000)	-
Bond premium	6,650,077	(6,650,077)	-
Bond discount	(1,301,342)	1,301,342	-
Total other financing sources (uses)	<u>117,408,735</u>	<u>(117,408,735)</u>	<u>-</u>
Changes in Fund Balance / Net Position	109,710,447	(102,251,656)	7,458,791
Fund Balance / Net Position			
Beginning of year	<u>11,881,231</u>	<u>6,468,579</u>	<u>18,349,810</u>
End of year	<u>\$ 121,591,678</u>	<u>\$ (95,783,077)</u>	<u>\$ 25,808,601</u>

Note 1 - Summary of Significant Accounting Policies

The Tahoe-Douglas Visitor's Authority's (Authority) financial statements are 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 standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

The financial statements present the financial position and results of operations of the Authority, under the direct jurisdiction of the Board of Directors of the Authority. The Authority, a public agency of the State of Nevada, was created pursuant to Chapter 496, Statutes of Nevada 1997, by appointment of Members by the Board of County Commissioners of Douglas County to promote tourism within the Tahoe Township.

Basic Financial Statements – Government-Wide Statements

The basic financial statements include both government-wide and fund financial information. The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets, receivables and deferred outflows as well as long-term debt, obligations and deferred inflows.

Basic Financial Statements - Fund Accounting

The financial transactions of the Authority are reported in the general fund. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. The Authority's general fund is a governmental fund type. 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 sheets. 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 Accounting

The Authority is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 131 as amended. This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net assets 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 provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Authority has utilized this optional method of presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority maintains its accounting records for its governmental fund types on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when measurable and available to finance expenditures of the fiscal period. Available is defined as being due and collected within the current period or within 60 days after fiscal year end. When revenue is due, but will not be collected within 60 days, the receivable is recorded, and an offsetting deferred inflow account is established.

Budgets and Budgetary Accounting

The Authority adheres to the Local Government Budget Act incorporated within Statutes of the State of Nevada. Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at year-end. Budget amounts within the general fund may be transferred if amounts do not exceed the original budget. Such budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board. In accordance with the Statutes, actual expenditures may not exceed budget appropriations of the general government function of the general fund.

An encumbrance system is not utilized by the Authority.

Cash and Investments

The Authority's cash and cash equivalents include cash on deposit at one commercial bank and in the State Treasurer's Local Government Investment Pool.

Investments are recorded at fair value, which is the same as the value of the pool shares. The State of Nevada Local Government Investment Pool is an unrated external investment pool that does not provide information on realized or unrealized gain or loss activity. Accordingly, changes in the investment pool are reflected as net investment income in the accompanying financial statements.

Due from Other Governments

Miscellaneous receivables as well as room tax revenue which has been received from Douglas County for the year ended June 30, 2021 are reported as due from other governments in the accompanying financial statements.

Net Position Classifications

In the government-wide financial statements, net position is classified as net position and displayed in three components:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation. The Authority has \$21,625,658 invested in capital assets as of June 30, 2021.
- Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Authority has restricted net position for the Events Center.
- Unrestricted net position – all other net position that does not meet the definition of “investment in capital assets” or “restricted.”

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Authority includes fund balances that have been prepaid for expenses and deposits in this category.
- Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Authority has restricted fund balance for the Events Center.
- Committed – represents amounts which can be used only for specific purposes determined by the members of the governing board’s formal action through a resolution or action. At June 30, 2021, the Authority had funds of \$4,010,000 committed to Tahoe Township Marketing and the Events Center.
- Assigned – represents amounts that are intended by the Authority for specific purposes but do not require action by the governing board. The Authority has no assigned fund balances.
- Unassigned – represents all amounts not included in spendable classifications.

The Authority’s policy is to first apply expenditures against restricted first if applicable, and then committed, assigned and then unassigned balances.

Capital Assets

Capital assets with a cost of \$1,000 or more, and a life great than one-year, is capitalized and stated at cost. For purposes of the government-wide financial statements, depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ useful lives using the straight-line method. At June 30, 2021, the Authority’s capital assets consist of construction in progress and are therefore not subject to depreciation expense until the assets are completed and placed into service.

Restricted Deposits

The restricted deposits are cash accounts held by the trustees which may be used to service the General Revenue Bond of 2020

Long-term Obligations

Long-term debt obligations are reported as liabilities in the government-wide and proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bond discounts and bond cost of issuance discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium, discount, and cost of issuance.

In the governmental fund financial statements, issuance of bonds, bond premiums, bond discounts, and bond issuance costs are reported as other financing sources in the current period. Bond discounts are reported as other financing uses in the current period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

As of July 1, 2020, the District adopted GASB Statement No. 89, *Accounting for Interest Cost incurred Before the End of a Construction Period*. The implementation of this Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Analysis of various provisions of this standard resulted in no change in the Authority's previously issued audited financial statements.

Note 2 - Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code

The Authority conformed to all significant statutory constraints on its financial administration.

Note 3 - Cash and Investments

The following schedule summarized cash and investments at June 30, 2021:

Cash in Bank	\$ 14,187,556
Local Government Investment Pool	<u>83,286,014</u>
	<u><u>\$ 97,473,570</u></u>

By provision of statutes, the Authority 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. The Authority maintains its checking and savings accounts in one commercial bank. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. In addition, the Authority participates in the Nevada State Pooled Collateral Program through the individual bank, which insures the balances that are in excess of the FDIC insured amounts. The Authority does not currently have a deposit policy related to custodial credit risk.

The Authority is authorized to invest in the State of Nevada Local Government Investment Pool. The Pool is invested in the Local Government Investment Pool as of June 30, 2021. The LGIP operates under NRS and is administered by the Office of the State Treasurer. The LGIP invest in securities as allowed by statute. The LGIP is valued at NAV and therefore is not valued according to the hierarchy. At June 30, 2021 the LGIP had a weighted average maturity of 116 days. The Authority does not have a formal policy regarding credit risk or concentration of credit risk, or investment rate risk. The District is able to withdraw funds on a daily basis and has no outstanding commitments as of June 30, 2021.

Note 4 - Capital Assets

Capital assets activity consisted of the following:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
Capital assets, not being depreciated				
Construction in progress	<u>\$ 5,525,546</u>	<u>\$ 16,027,612</u>	<u>\$ -</u>	<u>\$ 21,553,158</u>
Total capital assets, not being depreciated	<u>5,525,546</u>	<u>16,027,612</u>	<u>-</u>	<u>21,553,158</u>
Capital assets, being depreciated				
Equipment	-	75,000	-	75,000
Less accumulated depreciation				
Equipment	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>72,500</u>	<u>-</u>	<u>72,500</u>
	<u><u>\$ 5,525,546</u></u>	<u><u>\$ 16,100,112</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,625,658</u></u>

Note 5 - Long-Term Lease Transactions

The Authority entered into a lease for an office building under an eighteen-year operating lease expiring October 31, 2024. The lease contains an escalation clause beginning in year two, providing that the base rentals will be increased annually using the consumer price index. The base rentals were increased by 3.05% for the last six months in the year ended June 30, 2021. The lease also includes purchase options in years 6, 12 and 18. The purchase price is the greater of the net operating income of the property divided by a capitalization percentage of six percent (the CAP rate purchase price) or the appraised value of the property. The purchase price for years 6 and 12 would be adjusted by a purchase premium of 50% and 25% of the CAP rate purchase price, respectively. Rent expense for the year ended June 30, 2021 totaled \$383,538.

Future minimum lease commitments are as follows for the years ending:

June 30,	Amount
2022	\$ 387,901
2023	387,901
2024	129,300
	\$ 905,102

Note 6 - Long-Term Liabilities

The Authority issued general obligation capital improvement bonds in the year ended June 30, 2021 to provide funds for an events center project. All of the Authority's Long-Term Bonds are collateralized by a pledge of revenues derived and to be derived from the room taxes and the redevelopment agency taxes. The Long-Term Bonds are collateralized by restricted deposits including the reserve fund and revenue stabilization fund. The bonds have a stated rate of interest of 4.98% and are payable in equal installments over the next 31 years.

General obligation bonds outstanding and related interest requirements as of June 30, 2021 were as follows:

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principle Outstanding	Current Portion
Governmental Activities General Revenue Bonds, Series 2020	11/10/2020	7/1/2051	4.98%	\$ 112,060,000	\$ 112,060,000	\$ -

The District's outstanding medium-term equipment bonds related to governmental activities of \$4,006,000 contain a provision that in an event of default, the bond owner may institute legal proceedings against the District and the interest rate may be increased to 1.92% annually.

Interest expense of \$86,056 for the year was recorded by the District.

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

	Beginning Balance	New Issues	Principle Reductions	Ending Balance	Due Within One Year
By Activity Type:					
Governmental:					
Series 2020	\$ -	\$ 112,060,000	\$ -	\$ 112,060,000	\$ -
By Bond Type:					
Revenue	\$ -	\$ 112,060,000	\$ -	\$ 112,060,000	\$ -
Bond premiums	\$ -	\$ 6,650,077	\$ -	\$ 6,650,077	
Bond discounts	-	(1,344,720)	(43,378)	(1,301,342)	
Bond issuance costs	-	(312,362)	(10,076)	(302,286)	
Total	-	4,992,995	(53,454)	5,046,449	
Long-term debt, net	\$ -	\$ 117,052,995	\$ (53,454)	\$ 117,106,449	

Future debt service requirements are as follows for the years ending:

	June 30,	Principle	Interest
2022		\$ -	\$ 5,544,500
2023		-	5,544,500
2024		-	5,544,500
2025		1,135,000	5,544,500
2026		2,310,000	5,499,100
2027-2031		13,180,000	5,499,100
2032-2036		16,780,000	5,499,100
2037-2041		21,420,000	5,499,100
2042-2046		27,160,000	5,499,100
2047-2051		30,075,000	5,499,100
Total		<u>\$ 112,060,000</u>	<u>\$ 55,172,600</u>

The 2020 Bonds are secured by Pledged Revenues and certain funds specifically pledged under the Indenture, including the Reserve Fund and the Revenue Stabilization Fund. At June 30, 2021, the Reserve fund balance is \$7,811,750 and the Revenue Stabilization Fund balance is \$4,906,044. Pledged Revenues consist of a variety of occupancy taxes levied on transient occupancy of lodging in the Tahoe Township and certain tax increment revenues received by the Douglas County Redevelopment Agency from its Project Area No. 2. For the year ended June 30, 2021, pledged revenues received is \$14,631,835. See Note 9 for additional information.

Note 7 - Transient Occupancy and Lodging License Taxes

Transient occupancy tax (TOT) and transient lodging license tax (TLLT), collectively referred to as Room Tax, is collected from lodging establishments by Douglas County, which then remits them to the Authority and other agencies. Douglas County allows lodging establishments until the last day of the succeeding month to remit TOT and TLLT. The Authority usually does not receive its share of TOT and TLLT until nine to ten weeks after the end of the month that the lodging establishments have charged the TOT and TLLT to customers. The Authority accounts for these shared revenues in the same manner and timing as Douglas County.

Note 8 - Commitments, Contingencies and Risk Management

The Authority entered into funding agreements with various entities to provide support for tourism and marketing for the year ending June 30, 2021. The funding agreements total approximately \$3,112,640. The Authority has entered into a memorandum of understanding with the Lake Tahoe Visitor's Authority (LTVA) and the South Lake Tahoe Tourism District. The Authority committed to provide the LTVA 20% of the unrestricted tax revenue projected annually in the TDVA board approved budget. The amount to be paid in fiscal year 2021 based upon final revenues received for fiscal year 2021 is \$1,012,425.

The Authority has entered into agreements for contract work to be completed totaling approximately \$95,362,310, with approximately \$77,291,953 remaining.

There were no claims pending or unresolved disputes involving the Authority at June 30, 2021.

Note 9 - Restricted Deposits

The restricted deposits are cash accounts held by the trustees which may be used to service the General Revenue Bond of 2020.

The following schedule summarized the restricted deposits at June 30, 2021:

Restricted tax revenue	\$ 984,856
Unrestricted tax revenue	6,103,848
Trustee held bond fund	270
Reserve fund	7,811,750
Revenue stabilization fund	4,906,044
Capitalized interest account	<u>9,102,535</u>
Total restricted deposits	<u><u>\$ 28,909,303</u></u>

These restricted assets are pledged to provide a measure of security per the Bond Purchase Contract and the Indenture of Trust as follows:

- Restricted Tax Revenue Account – Represents restricted 1% TLLF revenues, the Redevelopment Agency revenues received from Douglas County RDA No. 2. Amounts in the accounts will accumulate through the year then will be transferred to debt service, debt service reserve fund deficiencies and remaining will be transferred to the revenue stabilization fund on July 2 of each year.
- Unrestricted Tax Revenue Account – Represents the 4.498% TOT, the 1% TOT, the 2%TLLT, and the \$5/night tourism surcharge revenues.
- Trustee Held Bond Fund – Represents funds that the trustee uses to pay the debt service on the 2020 Bonds, amounts from restricted and unrestricted tax revenues will be transferred and amounts from capitalized interest as payments come due.
- Reserve Fund – this is the required debt service reserve fund that will be held by the trustee until either 1) maturity of the 2020 bonds, 2) a deficiency in revenues requires a draw on this to pay debt service, or 3) the Authority refunds the 2020 Bonds at some point in the future. The balance in this fund is legally required to be equal to or greater than the maximum annual debt service on the 2020 bonds (which is currently \$7,811,750).
- Revenue Stabilization Fund –This fund is that it would have a target balance equal to one year's worth of debt service (\$7,811,750). After the trustee pays the July 1 bond debt service payment, the amount above the target balance could be transferred to the Authority for the subsequent year operating expenses.
- Capitalized Interest Account – Represents the accumulate of capitalized interest due July 1, 2023.

Note 10 - Related Party Transactions

During the year ended June 30, 2021, the Authority entered into a cooperative agreement with LTVA to promote tourism based on shared objectives which are more effectively and efficiently accomplished collectively rather than independently. During the year ended June 30, 2021, the Authority contributed \$2,054,977 toward expenses in connection with this marketing effort, which included amounts paid for the costs of administration. Based upon the agreement the Authority has committed an additional \$2,657,840 to be paid during the subsequent fiscal year. The Authority supports the LTVA by providing the rent for the building that is occupied by both entities. The LTVA provides employees to the Authority to perform all the accounting and administration functions. One Board member of the Authority, whom is a commissioner of Douglas County, sits on the LTVA Board as the representative for the Authority; otherwise, all other Board members are independent from the LTVA. At June 30, 2021, \$28,940 of accounts payable is payable to the LTVA.

Note 11 - Conversion to Government-Wide Financial Statements

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities. The differences between the fund financial statements and government-wide financial statements are the result of additional TOT and TLLT deferred inflows from Douglas County of \$943,033 at June 30, 2021, amounts incurred related to capital projects in which construction in progress totaled \$21,625,658, and amounts incurred related to the bond issuance totaled \$117,408,735.



Required Supplementary Information
June 30, 2021

Tahoe-Douglas Visitor's Authority

Tahoe-Douglas Visitor's Authority
Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended June 30, 2021

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual (Memorandum Only)
Revenue					
Room taxes	\$ 16,842,514	\$ 16,842,514	\$ 13,602,963	\$ (3,239,551)	\$ 8,626,252
Redevelopment area tax	-	-	1,028,872	1,028,872	1,911,300
Grant income	185,000	185,000	110,003	(74,997)	110,000
In kind income	-	-	75,000	75,000	-
Investment income	100,100	100,100	124,459	24,359	83,205
Bond proceeds	-	-	117,408,735	117,408,735	-
Total revenue	<u>17,127,614</u>	<u>17,127,614</u>	<u>132,350,032</u>	<u>115,222,418</u>	<u>10,730,757</u>
Expenditures					
Current					
Community support	5,515,121	5,515,121	2,935,874	2,579,247	2,974,114
Capital outlay	-	-	16,102,612	(16,102,612)	4,687,187
Bond debt service	9,747,950	9,747,950	3,601,099	6,146,851	-
Total expenditures	<u>15,263,071</u>	<u>15,263,071</u>	<u>22,639,585</u>	<u>(7,376,514)</u>	<u>7,661,301</u>
Excess of Revenue over Expenditures	1,864,543	1,864,543	109,710,447	107,845,904	3,069,456
Fund Balance, Beginning of year	<u>5,613,703</u>	<u>5,609,203</u>	<u>11,881,231</u>	<u>6,272,028</u>	<u>8,811,775</u>
Fund Balance, End of Year	<u>\$ 7,478,246</u>	<u>\$ 7,473,746</u>	<u>\$ 121,591,678</u>	<u>\$ 114,117,932</u>	<u>\$ 11,881,231</u>



**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
Tahoe-Douglas Visitor's Authority
Lake Tahoe, 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 fund information of Tahoe-Douglas Visitor's Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Tahoe-Douglas Visitor's Authority's basic financial statements and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 over financial reporting 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 weakness 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 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

Tahoe-Douglas Visitor's Authority's Response to Findings

Tahoe-Douglas Visitor's Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Tahoe-Douglas Visitor's Authority'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 30, 2021

2021-001: Financial Reporting Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process.

Condition: As auditors, we assisted in the preparation of the financial statements, and proposed several journal entries. The financial statements had accounts recorded on both a government-wide basis: full accrual, economic resource basis, and fund financial statement basis: current financial resources measurement focus. In addition, certain components of the bond were not properly recorded including bond premium and discounts.

Cause: Procedures have not been implemented to ensure Authority personnel properly recorded the financial statement on one basis of accounting only or properly recording the bond.

Effect: Financial information prepared by the Authority may not comply with generally accepted accounting principles.

Recommendation: We recommend the Authority implement procedures to provide training in the preparation of governmental financial statements in accordance with generally accepted accounting principles.

Views of Responsible
Officials: Tahoe-Douglas Visitor's Authority agrees with this finding.



Auditors' Comments

To the Board of Directors
Tahoe-Douglas Visitor's Authority
Lake Tahoe, Nevada

In connection with our audit of the financial statements of the Tahoe-Douglas Visitor's Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the Authority failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

The Authority monitored all significant constraints on its financial administration during the year ended June 30, 2021.

Current Year Recommendations

No material weaknesses or significant deficiencies reported over Nevada Revised Statutes.

Progress on Prior Year Recommendations

No material weaknesses or significant deficiencies were noted relating to Nevada Revised Statutes.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 30, 2021