



Financial Statements  
June 30, 2022

# 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 Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of Tahoe-Douglas Visitor's Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2022, 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.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority, 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.

#### **Correction of Errors**

As discussed in Note 11 to the financial statements, certain errors resulting in an understatement of amounts previously reported for retention payable and an overstatement of amounts previously reported as interest payable as of June 30, 2021, for the General Fund, were discovered by management of the Authority during the current year. In addition, certain errors resulting in an overstatement of amounts previously reported for unamortized bond premiums and bond discounts and an understatement of capital assets as of June 30, 2021, for Governmental Activities, were discovered by

management of the Authority during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and the net position of governmental activities as of June 30, 2021, to correct these errors. Our opinions are not modified with respect to these matters.

***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 Authority'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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 on pages 4-8 and the schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund on page 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 management’s discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022, on our consideration of the 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.



Reno, Nevada  
November 23, 2022

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, 2022, 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 2022 revenue budget remained conservative to reflect regional and national lodging occupancy trends as well as unknowns related to post-pandemic recovery, inflation, significant gas price increases and air travel challenges. However, with average daily rates continuing to exceed expectations, the Authority projected its budget to reflect year-over-year revenues for fiscal year 2022. 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.

The primary factor affecting the Authority's change in net position and change in fund balance continues to be related to the construction of the Tahoe South Events Center. Approximately \$41.8 million in capital outlay (construction in progress) was recognized in fiscal year 2022.

### **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 basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to the financial statements.

### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide the reader with a general overview of the Authority on an accrual basis of accounting.

The Statement of Net Position presents all of the Authority's assets, deferred outflows of resources (if applicable), liabilities, and deferred inflows of resources (if applicable). The differences between assets and deferred outflows less liabilities and deferred inflows is reported as net position.

The purpose of the Statement of Activities is to present how the Authority's net position changed during the fiscal year. Changes in net position are reported as soon as the event that caused the change occurs, regardless of the timing of cash flows (accrual basis of accounting). The Statement of Activities includes a functional allocation of expenses and program revenues. In general, costs and revenues related to the Tahoe Events Center are classified as culture and recreation; whereas general marketing and administrative costs and revenues are classified as community support. Interest expense and restricted interest earnings held by a trustee are shown separately from the two other functions.

### *Fund Financial Statements*

The Authority has one fund (General Fund) for the year ended June 30, 2022. Funds are used in governmental accounting to link and control resources that have been segregated to support certain functions or objectives. Fund accounting also helps to demonstrate compliance with legal requirements. The Authority currently only uses one governmental fund. Unlike the government-wide financial statements, governmental fund statements focus on current or near-term spendable resources, including spendable resources available at fiscal year-end, which closely coincides with statutory requirements related to annual budgets. The fund financial information is useful in evaluating the Authority's near-term financial position.

The information in the fund financial statements are reconciled to the government-wide financial statements to facilitate a comparison between the government-wide financial statements and fund financial statements.

In accordance with state statutes, the Authority adopts an annual budget for the General Fund. A comparison of budget to actual results is provided in the required supplementary information of the report.

### *Notes to the Financial Statements*

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.

### **Financial Analysis**

Assets increased \$5,457,311 from the prior year. This is primarily related to room taxes exceeding required debt service and operating expenses. Expenditures on the Tahoe South Event Center would change the classification from current assets (cash) to capital assets not being depreciated (construction in progress) and do not impact the overall change in assets for the year. GASB Statement No. 87, *Leases* was implemented in the current year,

which accounts for \$553,998 of the increase. Liabilities generally stayed consistent at an increase of \$625,444 or 0.49% higher than the prior year. This is primarily due to an increase in retention payable on the construction for the Tahoe South Event Center. Principal payments have not yet begun on the Authority's bond obligations.

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

	2022	2021 As Restated
Current assets	\$ 92,670,276	\$ 129,585,285
Capital assets not being depreciated	73,830,569	32,004,747
Capital assets being depreciated	65,000	72,500
Right-to-use leased assets	553,998	-
	<u>167,119,843</u>	<u>161,662,532</u>
Other liabilities	8,695,337	7,653,770
Long-term liabilities	118,949,664	119,365,787
	<u>127,645,001</u>	<u>127,019,557</u>
Net investment in capital assets	9,236,727	8,973,331
Restricted	31,521,960	25,351,582
Unrestricted (deficit)	(1,283,845)	318,062
Total net position	<u>\$ 39,474,842</u>	<u>\$ 34,642,975</u>

Room taxes stayed very consistent with the prior year. The tax increment revenue increased by \$288,556 as the Authority hit the maximum amount of the increment for fiscal year 2022. The significant decrease in program revenues is related to the contribution of land for the Tahoe South Event Center for \$10,000,000 in 2021.

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

	2022	2021 As Restated
Room taxes	\$ 12,662,059	\$ 12,659,930
Tax increment revenues	1,317,428	1,028,872
Other general revenues	7,288	13,133
Program revenues	133,466	10,296,329
Total revenues	<u>14,120,241</u>	<u>23,998,264</u>
Community support	3,455,189	2,412,366
Culture and recreation	391,908	77,930
Debt service	5,441,277	5,214,803
Total expenditures	<u>9,288,374</u>	<u>7,705,099</u>
Change in net position	4,831,867	16,293,165
Beginning net position	34,642,975	18,349,810
Ending net position	<u>\$ 39,474,842</u>	<u>\$ 34,642,975</u>

**General Fund and Budgetary Highlights**

Total revenues were down from the prior year by \$746,056 mainly due to a decrease in room tax revenues. However, the room tax revenues still exceeded our budget projections by \$3,538,287.

Total expenditures increased \$31,311,069 from the prior year, which is completely attributable to the required debt service (interest only payments) on the bonds and related capital outlay for the Tahoe South Event Center. The total expenditures were less than budget by \$24,360,825 due to timing of the construction expenditures.

	2022		2021, As Restated	
	Budget	Actual	Budget	Actual
Room taxes	\$ 9,123,772	\$ 12,662,059	\$ 16,842,514	\$ 13,602,963
Tax increment revenues	1,151,689	1,317,428	-	1,028,872
Other revenues	66,156,227	140,754	285,100	234,462
Total revenues	<u>76,431,688</u>	<u>14,120,241</u>	<u>17,127,614</u>	<u>14,866,297</u>
Community support	3,182,582	3,217,761	5,515,121	4,130,164
Culture and recreation	-	384,408	-	75,430
Capital outlay	66,896,993	41,825,823	-	16,554,200
Debt service	6,352,113	6,642,871	9,747,950	-
Total expenditures	<u>76,431,688</u>	<u>52,070,863</u>	<u>15,263,071</u>	<u>20,759,794</u>
Excess (deficiency) of revenue over expenditures	-	(37,950,622)	1,864,543	(5,893,497)
Other financing sources	-	-	-	118,710,077
Net change in fund balance	<u>-</u>	<u>(37,950,622)</u>	<u>1,864,543</u>	<u>112,816,580</u>
Beginning fund balance	111,736,574	124,697,811	5,609,203	11,881,231
Ending fund balance	<u>\$ 111,736,574</u>	<u>\$ 86,747,189</u>	<u>\$ 7,473,746</u>	<u>\$ 124,697,811</u>

**Capital Assets and Debt Administration**

The Authority capitalizes assets towards the building of the Events Center. The established policy for capitalization includes expenses related to consultants (including some legal) involved in providing regulatory agencies with project approval required information and 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. Additional information about the Authority's capital asset activity can be found in Note 4.

As of June 30, 2022, the Authority had a total of \$118,949,664 of long-term liabilities outstanding. Of this amount, \$118,357,216 is related to the bond issuance and \$592,448 is related to a lease liability, which was recorded in the current year due to the implementation of a new accounting principle: GASB Statement No. 87 *Leases*. Additional information about the Authority's outstanding long-term debt can be found in Note 6.

**Economic Factors**

During the 2021-2022 fiscal year (FY22), the Authority commenced Events Center Phase 2 construction. Wildfires and a significant early winter season caused delays in construction, but building was, by FY22 end, on budget albeit delayed in opening to Spring 2023.

The Authority continued funding special events such as Heavenly Holidays, the Harvey's Concert Series and American Century Championship; ACC 2021 had limited spectators due to COVID-19. The \$5/night/room Tourism Surcharge will continue to be collected and used towards Events Center construction and operations.

Douglas County Vacation Rental collections improved in FY22 over FY21. Average daily rate in the Tahoe Township continued to exceed 2019 levels and supports the TDVA budget with higher than budgeted revenue collections.

**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  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and investments	\$ 13,143,325
Restricted cash, cash equivalents and investments	76,488,265
Due from other governments	2,898,047
Accounts receivable	10,000
Prepaid expenses	104,239
Deposits	26,400
Capital assets, not being depreciated	73,830,569
Capital assets, being depreciated, net of accumulated depreciation	65,000
Right-to-use leased assets, net of accumulated amortization	553,998
Total assets	167,119,843
<b>Liabilities</b>	
Accounts payable	3,486,664
Retention payable	2,434,323
Interest payable	2,772,250
Deposits	2,100
Non-current liabilities	
Due in one year	224,108
Due in more than one year	118,725,556
Total liabilities	127,645,001
<b>Net Position</b>	
Net investment in capital assets	9,236,727
Restricted for	
Debt service	31,521,960
Unrestricted (deficit)	(1,283,845)
Total net position	\$ 39,474,842

Tahoe-Douglas Visitor's Authority  
Statement of Activities  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Primary Government:					
Community support	\$ 3,455,189	\$ 35,000	\$ -	\$ -	\$ (3,420,189)
Culture and recreation	391,908	-	-	92,201	(299,707)
Interest on long-term debt	5,441,277	-	6,265	-	(5,435,012)
	<u>\$ 9,288,374</u>	<u>\$ 35,000</u>	<u>\$ 6,265</u>	<u>\$ 92,201</u>	<u>(9,154,908)</u>
General Revenues					
Room taxes					12,662,059
Tax increment revenues, redevelopment					1,317,428
Investment income					7,288
Total general revenues					<u>13,986,775</u>
Change in Net Position					<u>4,831,867</u>
Net Position, Beginning of Year, as Originally Reported					25,808,601
Prior Period Adjustment					<u>8,834,374</u>
Net Position, Beginning of Year, as Restated					<u>34,642,975</u>
Net Position, End of Year					<u>\$ 39,474,842</u>

Tahoe-Douglas Visitor's Authority

Balance Sheet – General Fund

June 30, 2022

Assets	
Cash, cash equivalents and investments	\$ 13,143,325
Restricted cash, cash equivalents, and investments	76,488,265
Due from other governments	2,898,047
Accounts receivable	10,000
Prepaid expenses	104,239
Deposits	<u>26,400</u>
Total assets	<u><u>\$ 92,670,276</u></u>
Liabilities	
Accounts payable	\$ 3,486,664
Retention payable	2,434,323
Deposits	<u>2,100</u>
Total liabilities	<u>5,923,087</u>
Fund Balance	
Nonspendable	
Prepaid expenses	104,239
Deposits	26,400
Restricted	
Debt service	34,294,210
Capital projects	36,371,467
Tourism and economic development	<u>15,950,873</u>
Total fund balance	<u>86,747,189</u>
Total liabilities and fund balance	<u><u>\$ 92,670,276</u></u>

Tahoe-Douglas Visitor's Authority  
 Reconciliation of the Balance Sheet of the General Fund to the Statement of Net Position  
 June 30, 2022

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - General Fund	\$ 86,747,189
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Capital assets and leased assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds:

Capital assets	\$ 73,905,569	
Right-to-use leased assets	791,426	
Accumulated depreciation	(10,000)	
Accumulated amortization	<u>(237,428)</u>	74,449,567

Long-term liabilities and related interest payable are not due and payable in the current period and, therefore, are not reported in the governmental fund:

Interest payable	(2,772,250)	
Bonds payable	(118,357,216)	
Lease payable	<u>(592,448)</u>	<u>(121,721,914)</u>

Net position of governmental activities	<u><u>\$ 39,474,842</u></u>
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Tahoe-Douglas Visitor's Authority  
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Year Ended June 30, 2022

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Revenues	
Room taxes	\$ 12,662,059
Tax increment revenues, redevelopment	1,317,428
Miscellaneous income	35,000
Investment income	<u>105,754</u>
Total revenues	<u>14,120,241</u>
Expenditures	
Current	
Community support	3,217,761
Culture and recreation	384,408
Capital outlay	
Culture and recreation	41,825,823
Debt service	
Principal	198,978
Interest	<u>6,443,893</u>
Total expenditures	<u>52,070,863</u>
Net Change in Fund Balance	<u>(37,950,622)</u>
Fund Balance, Beginning of Year, as Originally Reported	121,591,678
Prior Period Adjustment	<u>3,106,133</u>
Fund Balance, Beginning of Year, as Restated	<u>124,697,811</u>
Fund Balance, End of Year	<u><u>\$ 86,747,189</u></u>

## Tahoe-Douglas Visitor's Authority

### Reconciliation of the Statement of Revenues, Expenditure, and Changes in Fund Balance of the General Fund to the Statement of Activities Year Ended June 30, 2022

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

Net change in fund balance - General Fund	\$ (37,950,622)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay	\$ 41,825,823	
Depreciation	(7,500)	
Amortization	<u>(237,428)</u>	41,580,895

Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium	217,145	
Principal payments on lease	<u>198,978</u>	416,123

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in interest payable	<u>785,471</u>
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Change in net position of governmental activities	<u><u>\$ 4,831,867</u></u>
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## **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, results of operations and changes in net position 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.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements report information on the activities of the primary government. Eliminations have been made to minimize the effect of intrafund activity.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are associated with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

The fund financial statement provides information about the Authority's General Fund.

### **Measurement Focus, Basis of Accounting and Financial Statement 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.

The governmental fund financial statement is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, except for principal and interest on general long-term debt and claims and judgments, if applicable, which are recorded as liabilities are due. The Authority first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed.

Room taxes, intergovernmental revenues, grant revenues, and interest on investments associated with the fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenues are normally not susceptible to accrual because they are not measurable until received in cash.

The Authority reports the following major fund:

The General Fund is the primary operating fund of the Authority. It accounts for all financial resources of the Authority.

### **Budgets and Budgetary Accounting**

The Authority adheres to the Local Government Budget and Finance Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data which is reflected in these financial statements.

1. On or before April 15, the Tahoe-Douglas Visitor's Authority Board of Directors files a tentative budget with the Nevada Department of Taxation for the General Fund.
2. Public hearings on the tentative budget are held prior to the adoption of the budget to obtain comments.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must be forwarded to the Nevada Tax Commission for final hearings and approval.
4. Formal budgetary integration in the financial records of the General Fund is employed to enhance management control during the year.
5. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at year-end.
6. Budget amounts within the General Fund may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the Board of Directors. Budget augmentations in excess of original budgetary amounts generally may not be made without prior approval of the Tahoe-Douglas Visitor's Authority Board of Directors and transmittal to the Department of Taxation.

By state statute, actual expenditures may not exceed budgetary appropriations of the various governmental functions (excluding the Debt Service function) of the General Fund.

### **Cash, Cash Equivalents and Investments**

Cash, cash equivalents and investments include amounts in demand deposit accounts, money market mutual funds, as well as investments of the Authority. Investments are stated at fair value.

Pursuant to Nevada Revised Statutes, the Authority may invest in United State securities, bond and indentures, negotiable certificates of deposit, certain bankers' acceptances, commercial paper, and AAA rated money market mutual funds that invest in securities issued by, or in agencies of the U.S. Government.

The Authority may also invest in the Local Government Investment Pool administered by the State Treasurer with oversight by the Board of Finance of the State of Nevada. Investment in the Local Government Investment Pool is carried at fair value and based on the Authority's original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

### **Restricted Cash, Cash Equivalents, and Investments**

The Authority has restricted cash, cash equivalents, and investments related to amounts held by the Trustee which may be used to service the Stateline Revenue Bonds, Series 2020 as well as amounts held by the Authority as bond proceeds that have not yet been spent on the Tahoe South Events Center.

### **Capital Assets**

Capital assets are reported in governmental activities in the government-wide financial statements. As a matter of policy, the Authority classifies those assets with a cost of \$1,000 or more and a useful life of more than one year as capital assets.

Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation is computed over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Equipment	10 years
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Right-to-use leased assets are recognized at the lease commencement date and represent the Authority's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 18 years.

### **Long-Term Liabilities**

In the government-wide financial statements, long-term debt is reported as liabilities in the governmental activities Statement of Net Position. Bond premiums, discounts, and prepaid bond insurance, if applicable, are amortized over the life of the bonds. Bonds payable, if any, are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

In the government fund financial statement, bond proceeds and premiums/discounts are recognized during the current period as another financing source or use, as applicable. Bond issuance costs are reported as expenditures in the current period.

Lease liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Authority.

### **Fund Equity**

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

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balance of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, contributors, or laws and regulations; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net positions that do not meet the definition of net investment in capital assets or restricted.

In the governmental fund financial statement, fund equity is classified as fund balance. Fund balance is further classified in the following components, if applicable:

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to remain intact.

Restricted – Amounts which can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulation of other governments.

Committed – Amounts which can be used only for specific purposes. Committed fund balance is reported pursuant to ordinances pass by the Board of Directors, which is the Authority's highest level of decision making authority. Committed fund balance may only be amended or rescinded by ordinance, as passed by the Board.

Assigned – Amounts that the Authority intend to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

Unassigned – All other spendable amounts in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority 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 have provided otherwise in its commitment or assignment actions.

## Revenues

By statute and local government ordinance, Douglas County, Nevada is administrator and collection agent for transient lodging license taxes and occupancy taxes imposed within Douglas County. The amounts collected are remitted to the Authority on a monthly basis.

Douglas County collects three separate transient lodging taxes on transient lodging within the Tahoe Township. Of the 14% transient lodging tax rate, the Authority receives 5% of the Transient Occupancy Tax, 3% of the Transient Lodging License Tax, plus a \$5 per occupied paid room night on lodging within the Tahoe Township. These revenues are restricted as to their use under Douglas County Code or the Tahoe-Douglas Visitor Authority Act for tourism, economic redevelopment, and recreation within the Lake Tahoe township, or for the construction of the Tahoe South Events Center and related debt service.

Tax Increment Revenues (Restricted Revenues) are also collected by the Douglas County Redevelopment Agency, Nevada, and remitted to the Authority quarterly in accordance with the Tax Increment Pledge Agreement for Events Center. The Pledge of Tax Increment to the Authority during any fiscal year is a maximum annual amount of \$1,300,000, and a total aggregate amount of \$34,250,000 over the life of the Agreement.

## Implementation of GASB Statement No. 87

As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right-to-use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 11 and the additional disclosures required by this standard are included in Notes 5 and 6.

## 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.

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

The Authority conformed to all significant statutory constraints on its financial administration during the year, with the following possible exception:

- Actual expenditures exceeded budgeted appropriations by \$35,179 in the Community Support function of the General Fund, an apparent violation of NRS 354.626.

**Note 3 - Cash, Cash Equivalents and Investments**

A reconciliation of the Authority's cash, cash equivalents, and investment balances as of June 30, 2022 is as follows:

Cash deposits	\$ 26,951,877
Money market mutual funds	34,294,210
State of Nevada Local Government Investment Pool (LGIP)	<u>28,385,503</u>
	<u>\$ 89,631,590</u>
Cash, cash equivalents, and investments	\$ 13,143,325
Restricted cash, cash equivalents, and investments	
Amounts held by Trustee	34,294,210
Remaining bond proceeds for Tahoe Event Center	<u>42,194,055</u>
	<u>\$ 89,631,590</u>

Cash deposits and money market mutual funds

At June 30, 2022, the Authority's carrying amount of deposits was \$26,951,877 and the bank balance was \$31,186,181. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the banks' records. Bank balances were greater than the Authority's carrying amount by \$4,234,304.

At June 30, 2022, the Authority had \$34,294,210 in money market mutual funds. These funds are primarily not held for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

Local Government Investment Pool

The Local Government Investment Pool is an unrated external investment pool maintained by the Board of Finance of the State of Nevada. LGIP has an average weighted maturity of 125 days.

Investment Policy

Nevada Revised Statutes set forth acceptable investments for Nevada governments, including investments guaranteed by the United States of America and investments rated "A" or its equivalent. The Authority has not adopted a formal investment policy that further limits its investment choices or further limits its exposure to certain risks as set forth below.

Interest Rate Risk – Interest rate risk is the risk of the possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the Authority 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 its statute.

Credit Risk – Credit risk is that 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 investments. As noted above, the Authority does not have a formal investment policy that specifies minimum acceptable credit ratings beyond those specified in statute.

As of June 30, 2022, the Authority's money market mutual funds were rated AAA. As stated previously, LGIP is unrated.

Custodial Credit Risk on Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) insurance in the amount of \$250,000. The remaining balances are uncollateralized.

Restricted cash, cash equivalents, and investments

As more fully described in Note 6, the Authority issued long-term debt for the construction of the Tahoe South Events Center. Pursuant to the terms of the Stateline Revenue Bonds, Series 2020, certain amounts are held by the Trustee as future reserves for debt service to provide a measure of security to bondholders. The Trustee holds various accounts as set forth in the Indenture of Trust. Amounts held by the Trustee are not available to the Authority for spending until certain criteria are met. The balance restricted and held by the Trustee at June 30, 2022 was \$34,294,210.

In addition, certain proceeds from the Stateline Revenue Bonds, Series 2020, and the related interest earnings on these proceeds, are subject to the development and construction of the Tahoe South Events Center. If any proceeds remain after completion of the project, the remaining balance must be transferred to the Trustee for future debt service. The balance of unspent bond proceeds and related interest earnings at June 30, 2022 was \$42,194,055.

**Note 4 - Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Balance July 1, 2021 (Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
Construction in progress	<u>22,004,746</u>	<u>41,825,823</u>	<u>-</u>	<u>63,830,569</u>
Total capital assets, not being depreciated	<u>32,004,746</u>	<u>41,825,823</u>	<u>-</u>	<u>73,830,569</u>
Capital assets, being depreciated				
Equipment	75,000	-	-	75,000
Less accumulated depreciation				
Equipment	<u>(2,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>(10,000)</u>
Total capital assets, being depreciated, net	<u>72,500</u>	<u>(7,500)</u>	<u>-</u>	<u>65,000</u>
Governmental activities capital assets, net	<u>\$ 32,077,246</u>	<u>\$ 41,818,323</u>	<u>\$ -</u>	<u>\$ 73,895,569</u>
Right-to-use leased assets being amortized				
Buildings and improvements	\$ 791,426	\$ -	\$ -	\$ 791,426
Accumulated amortization				
Buildings and improvements	<u>-</u>	<u>(237,428)</u>	<u>-</u>	<u>(237,428)</u>
Right-to-use leased assets, net	<u>\$ 791,426</u>	<u>\$ (237,428)</u>	<u>\$ -</u>	<u>\$ 553,998</u>

As more fully described in Note 11, the balance as of July 1, 2021, has been restated due to the correction of an error and the implementation of GASB Statement No. 87, Leases.

Depreciation and amortization expense was charged to functions/programs of the Authority as follows:

Governmental Activities	
Community support	\$ 237,428
Culture and recreation	<u>7,500</u>
	<u>\$ 244,928</u>

**Note 5 - Lease**

The Authority entered an agreement to lease office space for 18 years, beginning November 16, 2006. The lease terminates October 31, 2024. Under the terms of the lease, the Authority pays a monthly fee, increasing by the Consumer Price Index annually on the anniversary date of the agreement. Included in the monthly fee is a common area maintenance fee, which reflects the Authority's proportionate share of the common area maintenance. The Authority had no basis to estimate the value of the common area maintenance fee, and therefore, determined it was not practicable to allocate the monthly payment between the maintenance fee and the office space. As such, these components were evaluated as a single lease unit. The lease agreement has a stated interest rate of 18% and the lease liability was valued using the stated interest rate.

The lease agreement has a co-tenant with the Authority. Each tenant pays a proportionate share of the monthly payment based on the square footage each tenant utilizes. The Authority's share as of July 1, 2021, was \$26,075. The consumer price index variable rate increase was not included in the net present value of the right-to-use asset or lease liability as future consumer price index increases are not known. The Authority's share of the monthly lease payment was increased on November 16, 2021, to \$27,130, continuing until the next annual rent increase. A total of \$7,102 was recognized as expenses from this variable payment increase for the year ended June 30, 2022.

The Authority has an option to terminate the lease with a 180 day notice subsequent to a decline of funding decreasing to a level less than two times the prior twelve months rent. The lease also includes a remaining purchase option in year 18. The purchase price is the greater of the net operating income of the property divided by a capitalization rate of six percent (the CAP rate purchase price) or the appraised value of the property.

**Note 6 - Long-Term Debt**

The Authority issued Revenue Bonds during the year ended June 30, 2021, to provide funds to finance a portion of the costs to develop, construct, and equip the Tahoe Events Center, fund certain reserve accounts held by the Trustee, and pay costs incurred in connection with the issuance of the Bonds.

There are a number of restrictions related to the Revenue Bonds. The Authority is in compliance with all significant limitations and restrictions at June 30, 2022.

The Authority's Revenue Bonds are secured by Pledged Revenues and certain other funds specified in the Indenture of Trust until final maturity of the bonds. Pledged Revenues consist of the Tax Increment Revenues assessed by the Douglas County Redevelopment Agency, the 1% Transient Lodging License Tax assessed by Douglas County, occupancy tax proceeds received by the Authority, the 2% Transient Lodging License Tax assessed by Douglas County, the Tourism Surcharge, and any related interest earnings on the bond proceeds. For the year ended June 30, 2022, interest paid and total net pledged revenues were \$6,329,971 and \$14,077,953, respectively. The total principal and interest remaining on the bonds is \$219,092,300. In an event of default on the Revenue Bonds, the Trustee may institute legal proceedings against the Authority.

A summary of the revenue bonds is as follows:

Issue	Issue Date	Final Maturity Date	Interest Rate	Amount Issued	Principal Outstanding
Governmental Activities: General Revenue Bonds, Series 2020	11/10/2020	7/1/2051	4-5%	\$ 112,060,000	\$ 112,060,000

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021 (Restated)	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Revenue Bonds, Series 2020	\$ 112,060,000	\$ -	\$ -	\$ 112,060,000	\$ -
Unamortized premium	6,514,361	-	217,145	6,297,216	-
Lease	791,426	-	198,978	592,448	224,108
<b>Total Debt</b>	<b>\$ 119,365,787</b>	<b>\$ -</b>	<b>\$ 416,123</b>	<b>\$ 118,949,664</b>	<b>\$ 224,108</b>

Long-term liabilities are liquidated by the General Fund. As more fully described in Note 11, the beginning balance has been restated due to the implementation of GASB Statement No. 87, *Leases*.

Presented below is a summary of debt service requirements to maturity of the Authority's obligations:

Year Ending June 30,	Governmental Activities			
	Revenue Bonds		Lease	
	Principal	Interest	Principal	Interest
2023	\$ -	\$ 5,544,500	\$ 224,108	\$ 88,792
2024	-	5,544,500	267,846	45,054
2025	-	5,544,500	100,494	3,806
2026	1,135,000	5,521,800	-	-
2027	2,310,000	5,452,900	-	-
2028-2032	13,180,000	25,555,975	-	-
2033-2037	16,780,000	21,843,000	-	-
2038-2042	21,420,000	17,090,750	-	-
2043-2047	27,160,000	11,028,750	-	-
2048-2052	30,075,000	3,905,625	-	-
<b>Total</b>	<b>\$ 112,060,000</b>	<b>\$ 107,032,300</b>	<b>\$ 592,448</b>	<b>\$ 137,652</b>

The Bonds maturing on or before July 1, 2030, are not subject to redemption prior to maturity at the option of the Authority. The bonds maturing on and after July 1, 2031, are subject to redemption prior to maturity at the option of the Authority at the redemption price equal to the principal amount so redeemed, with no redemption premium, plus accrued interest to the redemption date. The following Bonds are subject to mandatory sinking fund redemption on July 1 of each year:

- Bonds maturing on July 1, 2040, commencing on July 1, 2036.
- Bonds maturing on July 1, 2045, commencing on July 1, 2041.
- Bonds maturing on July 1, 2051, commencing on July 1, 2046.

#### **Note 7 - Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, as are all entities.

The Authority carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **Note 8 - Agreements**

The Authority entered into a Funding Agreement with the Lake Tahoe Visitor's Authority (LTVA) to promote tourism based on shared objectives, which are more effectively and efficiently accomplished collectively, rather than independently.

The Authority contributed \$2,657,840 to LTVA in connection with costs of administration, marketing, and the American Century Golf Championship Tournament. In addition, personnel and facilities are shared by the Authority and LTVA. LTVA provides employees to the Authority to perform all accounting and administration functions. The Authority, additionally, supports LTVA by providing office space that is occupied by both entities.

Additional marketing support and marketing programs are provided by the Authority. Total expenditures for the year ended June 30, 2022, were \$491,522.

The Authority has also entered into an agreement for the management and operation of the Tahoe Events Center. All day to day operations of the Tahoe Events Center is to be by agreement. For the year ended June 30, 2022, the fixed management fee paid under the agreement was \$50,000.

**Note 9 - Commitments**

The Authority has outstanding commitments related to construction projects at the Tahoe South Events Center. Commitments outstanding at June 30, 2022 were \$38,050,082.

As noted, the Authority entered into a Funding Agreement with the Lake Tahoe Visitor's Authority to promote tourism. A memorandum of understanding commits the Authority to provide 20% of unrestricted tax revenue annually. The Funding Agreement for the year ended June 30, 2023, is \$2,853,197.

In addition, the Authority has entered into additional marketing support and market programs for the year ended June 30, 2023, in the amount of \$450,000.

The agreement for the management and operation of the Tahoe South Events Center provides for future fixed management fees in the amount of \$5,000 per month through December 31, 2023 and increasing to \$10,000 per month through December 31, 2024. Thereafter, the fixed management fee shall be increased in accordance with the percentage increase in the Consumer Price Index with a maximum of 3% per year.

The Agreement includes future fees related to food management, incentive, and commercial rights. The fees are generally based on a percentage of sales or net operating profit, and are subject to a maximum rebate to the Authority in years with net operating loss. The expiration of the Agreement is December 31, 2027, with an option for the Authority to extend the initial term for five (5) additional years to end on December 31, 2032.

**Note 10 - Contingencies**

There were no claims pending or unresolved disputes involving the Authority at June 30, 2022.

**Note 11 - Restatement**

**Correction of Errors**

During the year ended June 30, 2022, errors were discovered in the recording of interest payable and retention payable in the General Fund of the Authority for the year ended June 30, 2021. Interest had not yet matured, and therefore, should not have been recorded. In addition, work related to the Tahoe Events Center had started and retainage was withheld. The related retention payable was not previously recorded. In addition, errors were discovered in the amortization of the bond premiums and recognition of bond issuance costs as well as the contribution of land for the Governmental Activities of the Authority. The bond premiums were not amortized and bond issuance costs were improperly reported as bond discounts. The contributed land was not recorded at fair value at the time of donation.

The impact of the correction of errors is as follows:

	Governmental Activities	General Fund
Net Position/Fund balance at June 30, 2021, as previously reported	\$ 25,808,601	\$ 121,591,678
Amortization of bond premium	135,716	-
Bond issue costs	(1,301,342)	-
Retention payable*	(451,588)	(451,588)
Construction in progress*	451,588	-
Contribution of land	10,000,000	-
Interest payable previously recorded	-	3,557,721
Net Position/Fund balance at June 30, 2021, as restated	\$ 34,642,975	\$ 124,697,811

\*Retention payable is offset with the related construction in progress in the governmental activities. Therefore, there is no net effect on net position. However, Note 4 was updated to reflect a restated construction in progress balance of \$22,004,747.

#### **Adoption of New Standard**

As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. There was no net impact on beginning net position; however, a right-to-use asset and lease liability of \$791,426 and \$791,426, respectively, were recognized as of July 1, 2021. The information presented in Note 4 and Note 6 was restated for the adoption of this standard.



Required Supplementary Information  
June 30, 2022

## Tahoe-Douglas Visitor's Authority

Tahoe-Douglas Visitor's Authority

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund  
Year Ended June 30, 2022

	2022			
	Original Budget	Final Budget	Actual	Variance to Budget
<b>Revenues</b>				
Room taxes	\$ 9,123,772	\$ 9,123,772	\$ 12,662,059	\$ 3,538,287
Tax increment revenues, redevelopment	1,151,689	1,151,689	1,317,428	165,739
Miscellaneous	110,000	110,000	35,000	(75,000)
Investment income	84,000	84,000	105,754	21,754
Other revenues	65,962,227	65,962,227	-	(65,962,227)
<b>Total revenues</b>	<b>76,431,688</b>	<b>76,431,688</b>	<b>14,120,241</b>	<b>(62,311,447)</b>
<b>Expenditures</b>				
Community support				
Services and supplies	3,182,582	3,182,582	3,217,761	(35,179)
Culture and recreation				
Services and supplies	-	-	384,408	(384,408)
Capital outlay	66,896,993	66,896,993	41,825,823	25,071,170
<b>Total culture and recreation</b>	<b>66,896,993</b>	<b>66,896,993</b>	<b>42,210,231</b>	<b>24,686,762</b>
Debt service				
Principal	-	-	198,978	(198,978)
Interest	6,352,113	6,352,113	6,443,893	(91,780)
<b>Total debt service</b>	<b>6,352,113</b>	<b>6,352,113</b>	<b>6,642,871</b>	<b>(290,758)</b>
<b>Total expenditures</b>	<b>76,431,688</b>	<b>76,431,688</b>	<b>52,070,863</b>	<b>24,360,825</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(37,950,622)</b>	<b>(37,950,622)</b>
Fund Balance, Beginning of Year, as Originally Reported	111,736,574	111,736,574	121,591,678	9,855,104
Prior Period Adjustment	-	-	3,106,133	3,106,133
Fund Balance, Beginning of Year, as Restated	111,736,574	111,736,574	124,697,811	12,961,237
<b>Fund Balance, End of Year</b>	<b>\$ 111,736,574</b>	<b>\$ 111,736,574</b>	<b>\$ 86,747,189</b>	<b>\$ (24,989,385)</b>



**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 the major fund of Tahoe-Douglas Visitor's Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 23, 2022.

**Report on 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 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 identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, as item 2022-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
November 23, 2022

**2022-001: 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:* Management prepares internal use monthly financial statements. However, management does not prepare financial statements in accordance with generally accepted accounting principles. Tahoe-Douglas Visitor's Authority contracts with the external audit firm to prepare the Authority's audited financial statements and related note disclosures from the general ledger and applicable records provided by the Authority.

In addition, we proposed material audit adjustments related to net position, interest payable, amortization of bond premium, capital assets and retention payable.

Prior period adjustments are also reflected in the financial statements for the year ended June 30, 2022. Prior period adjustments related to correction of interest payable recorded in the General Fund, amortization of bond premium, correction to the previously recorded bond discount, and the recording of retention payable.

Although the preparation of financial statements as a part of the audit engagement is not unusual, it 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 Authority personnel.

*Cause:* Accounting personnel do not have the current resources of time and training necessary to prepare the financial statements in accordance with generally accepted accounting principles. As a result, the Authority has chosen to contract with Eide Bailly, LLP to the prepare its financial statements.

*Effect:* The Authority's internally prepared records upon which the financial statements are prepared do not contain all information required by generally accepted accounting principles. In total, correcting audit entries were posted for the overstatement of net position of \$30.7M, overstatement of expenses of \$40.8M, understatement of assets of \$12.7M, and understatement of payables for \$2.6M.

*Recommendation:* We recommend the Authority allocate the resources necessary to provide sufficient training to enable the preparation of the financial statements in accordance with generally accepted accounting principles.

*Views of Responsible  
Officials:*

Tahoe-Douglas Visitor's Authority agrees with this finding. Management acknowledges responsibility for the financial statements. However, due constraints on resources and the complexity of the Tahoe South Events Center, the Authority believes the most cost effective approach is to outsource the financial statement preparation.



## 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 governmental activities and the major fund of the Tahoe-Douglas Visitor's Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, except as noted below, 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 Authority conformed to all significant statutory constraints on its financial administration during the year, except for the item identified in Note 2 of the accompanying financial statements.

### **Progress on Prior Year Statute Compliance**

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

### **Prior Year Recommendations**

The prior year recommendations were repeated again as Finding 2022-001 in the Schedule of Findings and Responses.

### **Current Year Recommendations**

The recommendations made for the current year are included in the Schedule of Findings and Responses as part of the June 30, 2022 audit.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada  
November 23, 2022