



Financial Statements
June 30, 2022

Round Hill General Improvement District

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Independent Auditor's Report

To the Board of Trustees
Round Hill General Improvement District
Zephyr Cove, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the Round Hill General Improvement District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the statement of revenue, expenditures, and changes in fund balance – budget and actual – general fund, the schedule of changes in net pension liability, the schedule of contributions-pension, and the schedule of changes in the total other post-employment benefits liability and other ratios 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of revenue, expenditures, and changes in net position – budget and actual – sewer fund and the statement of revenue, expenditures, and changes in net position – budget and actual – water fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of revenue, expenditures, and changes in net position – budget and actual – sewer fund and the statement of revenue, expenditures, and changes in net position – budget and actual – water fund are 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 30, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in dark ink and is positioned in the lower-left area of the page.

Reno, Nevada
November 30, 2022

As management of the Round Hill General Improvement District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Financial Highlights

- ◆ The assets and deferred outflows of the Round Hill General Improvement District exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$11,722,240. Of this amount \$5,881,781 is *unrestricted net position* that may be used to meet the District's ongoing obligations to citizens and creditors. See pages 12 and 13.
- ◆ The District's *total net position* increased by \$305,299. Investment in capital assets, a component of *total net position*, decreased by \$141,142. See page 13.
- ◆ At the end of the current year, the Round Hill General Improvement District's *governmental fund* reported total ending fund balances of \$2,426,443 an increase of \$282,145 in comparison with the prior year. Of this total amount, \$18,613 is non-spendable for prepaid expenses, \$137,534 is committed and \$2,270,296 is unassigned. See page 15.
- ◆ At the end of the current fiscal year, *committed, assigned and unassigned fund balance* for the general fund was \$2,426,443 or 557% of the total *general fund* expenditures. See page 15 and page 17.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Round Hill General Improvement District's financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Round Hill General Improvement District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Round Hill General Improvement District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Round Hill General Improvement District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Round Hill General Improvement District that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the Round Hill General Improvement District include streets, snow removal and erosion control (including drainage). The *business-type activities* of the District include water (treatment and distribution) and sewer (collection by the District and treatment paid for by the District but done by others).

The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Round Hill General Improvement District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: *governmental funds* and *proprietary funds*.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. They focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirement.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenue, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Round Hill General Improvement District maintains one governmental fund. Information is presented separately in the governmental fund *balance sheet* and in the governmental fund *statement of revenue, expenditures, and changes in fund balances* for the general fund.

Round Hill General Improvement District adopts annual appropriated budgets for its general fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds. Round Hill General Improvement District maintains *enterprise funds*, a type of *proprietary funds*, to report the same functions presented as *business-type activities* in the government-wide financial statements. The *enterprise funds* account for the District's water treatment and distribution activity and for its sewer collection activity and its payment to others for sewage treatment.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the *water utility fund* and the *sewer utility fund*.

The basic proprietary fund financial statements can be found on pages 19-23 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 43 of this report.

Additionally, supplemental information includes information individually for the *sewer utility fund* and for the *water utility fund* as follows:

- ◆ *Statement of revenue, expenses, and changes in net position – budget and actual on pages 50-51 of this report.*

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Round Hill General Improvement District, assets and deferred outflows exceeded liabilities and deferred inflows by \$11,722,240 at the close of the current year.

The largest portion of the Round Hill General Improvement District's net position (50%) reflects its investment in capital assets (e.g. property, plant, equipment, and infrastructure such as pipelines, roads and erosion control improvements) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Round Hill General Improvement District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net position* (\$5,881,781) may be used to meet the District's ongoing obligations to its citizens and creditors. As noted earlier, the District's total net position increased by \$305,299 in all categories of net position, both for the District as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the District's net position by \$239,494.

Business-type activities. Business-type activities increased the Round Hill General Improvement District's net position by \$65,805.

Statement of Net Position

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and long-term assets	\$ 2,749,497	\$ 4,324,835	\$ 7,074,332	\$ 2,083,189	\$ 3,973,893	\$ 6,057,082
Capital assets, net	<u>1,289,414</u>	<u>5,211,843</u>	<u>6,501,257</u>	<u>1,338,177</u>	<u>5,385,170</u>	<u>6,723,347</u>
Total assets	4,038,911	9,536,678	13,575,589	3,421,366	9,359,063	12,780,429
Deferred outflows of resources	184,808	253,567	438,375	136,071	180,373	316,444
Total liabilities	345,778	1,144,590	1,490,368	428,623	1,357,574	1,786,197
Deferred inflows of resources	<u>495,784</u>	<u>305,567</u>	<u>801,351</u>	<u>59,656</u>	<u>79,079</u>	<u>138,735</u>
Net Position						
Net investment in capital assets	1,289,414	4,551,045	5,840,459	1,338,177	4,643,424	5,981,601
Unrestricted	<u>2,092,743</u>	<u>3,789,043</u>	<u>5,881,786</u>	<u>1,804,481</u>	<u>3,630,859</u>	<u>5,435,340</u>
Total net position	<u>\$ 3,382,157</u>	<u>\$ 8,340,088</u>	<u>\$ 11,722,245</u>	<u>\$ 3,142,658</u>	<u>\$ 8,274,283</u>	<u>\$ 11,416,941</u>

Statement of Activities

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Charges for services	\$ -	\$ 1,300,741	\$ 1,300,741	\$ -	\$ 1,351,816	\$ 1,351,816
General revenue	<u>717,978</u>	<u>47,385</u>	<u>765,363</u>	<u>676,928</u>	<u>67,742</u>	<u>744,670</u>
	717,978	1,348,126	2,066,104	676,928	1,419,558	2,096,486
Operating expenses	386,318	1,107,589	1,493,907	408,632	1,068,139	1,476,771
Depreciation	<u>92,161</u>	<u>174,732</u>	<u>266,893</u>	<u>95,258</u>	<u>178,182</u>	<u>273,440</u>
	478,479	1,282,321	1,760,800	503,890	1,246,321	1,750,211
Change in net position	239,499	65,805	305,304	173,038	173,237	346,275
Net position, beginning of year	<u>3,142,658</u>	<u>8,274,283</u>	<u>11,416,941</u>	<u>2,969,620</u>	<u>8,101,046</u>	<u>11,070,666</u>
Net Position, end of year	<u><u>\$ 3,382,157</u></u>	<u><u>\$ 8,340,088</u></u>	<u><u>\$ 11,722,245</u></u>	<u><u>\$ 3,142,658</u></u>	<u><u>\$ 8,274,283</u></u>	<u><u>\$ 11,416,941</u></u>

Financial Analysis of the District's Funds

As noted earlier, the Round Hill General Improvement District's *governmental fund* is to provide information on near-term inflows, outflows, and balance of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2022, the District's governmental fund reported an ending fund balance of \$2,426,443, an increase of \$282,145 in comparison with the previous year. Fund revenue was primarily from property taxes and state consolidated taxes. There were no significant changes in revenue or expenses compared to the prior year.

Proprietary funds. The Round Hill General Improvement District's proprietary (*enterprise*) funds provide the same type of information found in the government-wide financial statements, but in more detail. There were no significant changes to expenses.

Total net position of the sewer utility fund at the end of the year amounted to \$1,535,637, a decrease of \$65,976, with little changes from the prior year. *Total net position of the water utility fund* amounted to \$6,804,451, an increase of \$131,781, which resulted mainly from the capital grant received.

General Fund Budgetary Highlights

Consolidated taxes and Ad Valorem taxes were the general fund's primary sources of revenue (93%) and totaled \$661,592. The general fund revenues are primarily used to fund overhead activities, and the remainder is split between capital improvements, road maintenance, storm water drainage maintenance, and water and sewer.

Capital Asset and Debt Administration

Capital Assets. At year-end, the Round Hill General Improvement District's net investment in capital assets from its governmental activities totaled \$1,289,414. The net investment in capital assets from its proprietary activities totaled \$4,551,045. Future capital investment will likely center around the repair/replacement of water storage facilities, upgrading the water treatment facility, roads, and updating the District's office area and maintenance facilities. Largest increase was a water line in the Castle Rock project which was funding mostly by a capital grant. See note 6 for detailed capital asset information.

Long Term Debt. The Round Hill General Improvement District has outstanding debt on two loan contracts of \$660,798 from the Nevada State Revolving Loan Fund (SRF). The original loan contract has a current balance of \$186,757 and will be repaid by July 1, 2026, with semi-annual payments of \$22,306. In 2011/2012 the District entered into a loan contract that has a current balance of \$474,041 and will be repaid by July 2032, with semi-annual payments of \$28,777.

Economic Factors and Next Year's Budget and Rates

The national economy had been showing signs of sustained growth, but with the arrival of COVID-19 and an unstable political and social landscape, that growth has stunted. The U.S. National deficit is over \$20 trillion; a doubling of the deficit in the past 10 years. Going forward this may curtail the available supply of Federal Funds for infrastructure upgrades necessary for small water and sewer utilities, although WIFIA has been extended. American Rescue Plan Act funds have been made available if certain criteria are met. These funds are also issued as loans from the State Revolving Fund, as Round Hill is not eligible for "disadvantaged community" grants based on Median Household Income.

The General Fund revenue received by the District is received from the District's portion of the State Consolidated Tax. With the recent decrease in projected consolidated tax revenues, economic growth within the State cannot be assumed. The District's Ad Valorem Tax remained the same for the 2022 / 2023 cycle but will create a slight increase in General Fund revenues based on property value increases. These revenues will be used to fund future Capital Improvement Projects to include road paving. With the recent decreases there are not enough funds to continue new paving projects in the short term. A longer-term approach for upgrading roads in the future may require implementing another funding source through the District specifically for road maintenance and repair.

The interest earned on deposited funds and bonds has become a declining revenue source for the District. Interest rates on investments (CD's) in the banking industry have begun to turn upward in recent months. The District maintains its funds in order to maximize its return on investment while still ensuring the safety of those funds. Those falling interest rates resulted in the district moving some investments to the Local Government Investment Pool to achieve higher returns and with the continued rebound of interest rates, both certificates of deposits with Wells Fargo and the LGIP are earning more than this time last year. However, any significant increase in interest rates (lending) will result in a major ballooning of the Federal deficit, thus potentially impacting the District's future. As of this report, interest rates are low, have rebounded some, and have remained stable. Should interest rates rise again, the District will re-invest in CD's but thus far only one CD was reinvested after maturity and another 1-year CD was purchased at 1.4%.

The Board of Trustees approves rate increases on June 28, 2022 for both water and sewer. Water rates were increased by 2.9% and sewer rates increased by 30.0%. This is a benefit for those respective enterprise funds for the next five years in relation to the 5-year Capital Improvement plan. These rate increases were largely due to costs for sewage treatment and increased prices for goods and services in general.

The office concrete tank and the contact chamber at the treatment plant have both been evaluated by a competent professional for possible repair or replacement and will NOT need to be done for at LEAST the next three to five budget cycles. Preliminary design work has begun on a redundant contact chamber at the water treatment facility in conjunction with the renewal of the special use permit by the U.S. Forest Service.

The District continues to work with the US Forest Service (USFS) and has been the recipient of 50/50 matching grant funds that have funded fire protection improvement projects such as replacing aging fire hydrants and rebuilding pressure reducing valves on water mains. RHGID will continue to use those funds to offset the costs of any future qualifying water projects.

Fuel and power costs, coupled with insurance and labor costs, continue to rise. The District will have to continue to work to control costs to remain fiscally responsible in light of shrinking revenues and increased costs; not only in consideration of the District's needs, but also in consideration of the District's customers' ability to pay for the services they require.

In conclusion, the District is on solid financial ground with its reserve funds. The most prevalent current concern is the upcoming changes facing our nation, and the fiscal impact thereof.

Requests for Information

This financial report is designed to provide a general overview of the Round Hill General Improvement District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Manager, Round Hill General Improvement District, 343 Ute Way, Zephyr Cove, Nevada 89448.

Round Hill General Improvement District
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 1,226,915	\$ 2,061,185	\$ 3,288,100
Investments in LGIP	837,128	1,406,350	2,243,478
Investments	274,257	460,744	735,001
Accounts receivable	-	74,925	74,925
Taxes receivable	85,589	-	85,589
Leases receivable	306,995	34,110	341,105
Current portion of notes receivable	-	11,798	11,798
Prepaid expenses	18,613	35,390	54,003
Total current assets	<u>2,749,497</u>	<u>4,084,502</u>	<u>6,833,999</u>
Long term assets			
Note receivable	-	240,333	240,333
Capital assets			
Capital assets not being depreciated	288,894	232,815	521,709
Capital assets being depreciated, net	1,000,520	4,979,028	5,979,548
Total long-term assets	<u>1,289,414</u>	<u>5,452,176</u>	<u>6,741,590</u>
Total assets	4,038,911	9,536,678	13,575,589
Deferred Outflows of Resources			
Postemployment retirement obligation	29,697	39,366	69,063
Pension requirement	155,111	214,201	369,312
Total deferred outflows of resources	<u>184,808</u>	<u>253,567</u>	<u>438,375</u>
Total Assets and Deferred Outflows of Resources	<u>4,223,719</u>	<u>9,790,245</u>	<u>14,013,964</u>

Round Hill General Improvement District
Statement of Net Position
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Current liabilities			
Current portion of notes payable	\$ -	\$ 83,347	\$ 83,347
Accounts payable	9,149	7,545	16,694
Accrued vacation and sick pay	11,894	17,167	29,061
Interest payable	-	9,714	9,714
Salaries payable	3,351	4,341	7,692
Prepaid user fees and customer deposits	124	7,761	7,885
Total current liabilities	24,518	129,875	154,393
Long-term liabilities			
Notes payable	-	577,451	577,451
Net pension liability	205,977	284,445	490,422
Postemployment retirement obligation	115,283	152,819	268,102
Total long-term liabilities	321,260	1,014,715	1,335,975
Total liabilities	345,778	1,144,590	1,490,368
Deferred Inflows of Resources			
Leases	298,531	33,170	331,701
Pension Requirement	197,253	272,397	469,650
Total deferred inflows of resources	495,784	305,567	801,351
Total Liabilities and Deferred Inflows of Resources	841,562	1,450,157	2,291,719
Net Position			
Net investment in capital assets	1,289,414	4,551,045	5,840,459
Unrestricted	2,092,743	3,789,043	5,881,786
Total Net Position	\$ 3,382,157	\$ 8,340,088	\$ 11,722,245

Round Hill General Improvement District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental Activities					
Public works					
Highways and streets	\$ 478,479	\$ -	\$ (478,479)	\$ -	\$ (478,479)
Business-Type Activities					
Sewer	723,911	630,165	-	(93,746)	(93,746)
Water	558,410	670,576	-	112,166	112,166
	<u>\$ 1,760,800</u>	<u>\$ 1,300,741</u>	(478,479)	18,420	(460,059)
General Revenue					
Consolidated taxes			499,610	-	499,610
Ad valorem taxes			161,987	-	161,987
Interest income			16,396	18,725	35,121
Miscellaneous			39,985	28,660	68,645
Total general revenue			<u>717,978</u>	<u>47,385</u>	<u>765,363</u>
Change in Net Position			239,499	65,805	305,304
Net Position, Beginning of Year			<u>3,142,658</u>	<u>8,274,283</u>	<u>11,416,941</u>
Net Position, End of Year			<u>\$ 3,382,157</u>	<u>\$ 8,340,088</u>	<u>\$ 11,722,245</u>

Round Hill General Improvement District

Balance Sheet – Governmental Fund

June 30, 2022

Assets	
Cash, cash equivalents and investments	\$ 1,226,915
Investments in LGIP	837,128
Investments	274,257
Taxes receivable	85,589
Leases receivable	306,995
Prepaid expenses	<u>18,613</u>
Total assets	<u>2,749,497</u>
Liabilities	
Accounts payable	9,149
Accrued vacation and sick pay	11,894
Salaries payable	3,351
Prepaid user fees and customer deposits	<u>124</u>
Total liabilities	<u>24,518</u>
Deferred Inflows of Resources - Leases	<u>298,531</u>
Total liabilities and deferred inflows of resources	<u>323,049</u>
Fund Balance	
Nonspendable	
Prepaid expenses	18,613
Committed	
Committed for postemployment retirement obligation	18,000
Committed for road maintenance fund	119,534
Unassigned	<u>2,270,301</u>
Total fund balance	<u>2,426,448</u>
Total Liabilities, deferred inflows of resources and fund balance	<u><u>\$ 2,749,497</u></u>

Round Hill General Improvement District
 Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Fund
 June 30, 2022

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

Total fund balance - total governmental fund	\$ 2,426,448
Deferred outflows of resources - are not financial resources, and, therefore, are not in the governmental funds	
Postemployment retirement obligation	29,697
Pension requirement	155,111
Capital assets used in governmental activities are not financial resources and, therefore, are not in the funds	2,644,028
Less accumulated depreciation	(1,354,614)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds	
Net pension liability	(205,977)
Postemployment retirement obligation	(115,283)
Deferred inflows of resources - pension requirement are not financial resources, and, therefore, are not in the governmental funds	<u>(197,253)</u>
Net position of governmental activities	<u><u>\$ 3,382,157</u></u>

Round Hill General Improvement District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2022

Revenue	
Intergovernmental revenue	
Consolidated taxes	\$ 499,610
Ad valorem taxes	161,987
Miscellaneous	
Interest on investments	16,396
Lease income	31,985
	709,978
Expenditures	
Current	
General government	
Salaries	204,106
Benefits	11,486
Service and supplies	176,839
Capital outlay	43,397
	435,828
Excess of Revenue over Expenditures	274,150
Other Financing Source - Sale of Asset	8,000
Net change in fund balance	282,150
Fund Balance, Beginning of Year	2,144,298
	2,426,448
Fund Balance, End of Year	\$ 2,426,448

Round Hill General Improvement District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of
Activities – Governmental Fund
Year Ended June 30, 2022

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

Net change in fund balance - governmental fund	\$	282,150
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	\$ 43,398	
Less current year depreciation	<u>(92,161)</u>	(48,763)
<p>Expenses reported in the Statement of Activities for other postemployment benefits and pension expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental fund.</p>		
Less postemployment benefit obligation change	(32,816)	
Less pension expense change	<u>38,928</u>	<u>6,112</u>
Change in net position of governmental activities	\$	<u><u>239,499</u></u>

Round Hill General Improvement District

Statement of Net Position – Enterprise Funds

June 30, 2022

	Sewer Fund	Water Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 685,695	\$ 1,375,490	\$ 2,061,185
Investments in LGIP	467,851	938,499	1,406,350
Investments	153,276	307,468	460,744
Accounts receivable	35,964	38,961	74,925
Notes receivable	-	11,798	11,798
Leases receivable	17,055	17,055	34,110
Prepaid expenses	6,663	28,727	35,390
Total current assets	1,366,504	2,717,998	4,084,502
Long-term assets			
Notes receivable	-	240,333	240,333
Capital assets			
Capital assets not being depreciated	-	232,815	232,815
Capital assets being depreciated	328,184	4,650,844	4,979,028
Total capital assets	328,184	4,883,659	5,211,843
Total long-term assets	328,184	5,123,992	5,452,176
Total assets	1,694,688	7,841,990	9,536,678
Deferred Outflows of Resources			
Postemployment retirement obligation	11,741	27,625	39,366
Pension requirement	62,783	151,418	214,201
Total deferred outflows of resources	74,524	179,043	253,567
Total Assets and Deferred Outflows of Resources	1,769,212	8,021,033	9,790,245

Round Hill General Improvement District

Statement of Net Position – Enterprise Funds

June 30, 2022

	Sewer Fund	Water Fund	Total
Liabilities			
Current liabilities			
Current portion of notes payable	\$ -	\$ 83,347	\$ 83,347
Accounts payable	2,062	5,483	7,545
Accrued vacation and sick pay	4,874	12,293	17,167
Interest payable	-	9,714	9,714
Salaries payable	1,264	3,077	4,341
Prepaid user fees and customer deposits	-	7,761	7,761
Total current liabilities	8,200	121,675	129,875
Long-term liabilities			
Notes payable	-	577,451	577,451
Net pension liability	83,372	201,073	284,445
Postemployment retirement obligation	45,577	107,242	152,819
Total long-term liabilities	128,949	885,766	1,014,715
Total liabilities	137,149	1,007,441	1,144,590
Deferred Inflows of Resources			
Leases	16,585	16,585	33,170
Pension requirement	79,841	192,556	272,397
Total deferred inflows of resources	96,426	209,141	305,567
Total Liabilities and Deferred Inflows of Resources	233,575	1,216,582	1,450,157
Net Position			
Net investment in capital assets	328,184	4,222,861	4,551,045
Unrestricted	1,207,453	2,581,590	3,789,043
Total Net Position	\$ 1,535,637	\$ 6,804,451	\$ 8,340,088

Round Hill General Improvement District
Statement of Revenue, Expenses, and Changes in Net Position – Enterprise Funds
Year Ended June 30, 2022

	Sewer Fund	Water Fund	Total
Operating Revenue			
Charges for services	\$ 630,165	\$ 670,576	\$ 1,300,741
Operating Expenses			
Salaries and wages	83,481	202,868	286,349
Employee benefits	4,541	10,685	15,226
Insurance	27,974	77,483	105,457
Gasoline and oil	1,154	1,976	3,130
Repairs and maintenance	5,486	17,234	22,720
Utilities	8,276	56,365	64,641
Supplies	238	420	658
Sewer treatment costs	552,782	-	552,782
Professional fees	8,046	8,862	16,908
Office	2,906	2,945	5,851
Trustee fees	740	740	1,480
Miscellaneous	6,265	6,095	12,360
Depreciation	22,022	152,710	174,732
Total operating expenses	<u>723,911</u>	<u>538,383</u>	<u>1,262,294</u>
Operating Income (Loss)	(93,746)	132,193	38,447
Non-Operating Revenue (Expenses)			
Interest income	6,827	11,898	18,725
Other income	20,943	7,717	28,660
Interest expense	-	(20,027)	(20,027)
Total nonoperating revenue (expense)	<u>27,770</u>	<u>(412)</u>	<u>27,358</u>
Change in Net Position	(65,976)	131,781	65,805
Net Position, Beginning of Year	<u>1,601,613</u>	<u>6,672,670</u>	<u>8,274,283</u>
Net Position, End of Year	<u>\$ 1,535,637</u>	<u>\$ 6,804,451</u>	<u>\$ 8,340,088</u>

Round Hill General Improvement District
Statement of Cash Flows – Enterprise Funds
Year Ended June 30, 2022

	Sewer Fund	Water Fund	Total
Operating Activities			
Cash received from customers	\$ 637,179	\$ 679,932	\$ 1,317,111
Cash paid to employees	(85,800)	(202,301)	(288,101)
Cash paid to suppliers	(645,763)	(173,025)	(818,788)
Net Cash from Operating Activities	<u>(94,384)</u>	<u>304,606</u>	<u>210,222</u>
Capital and Related Financing Activities			
Acquisition of capital assets	-	(1,405)	(1,405)
Principal portion of cash received for lease receivables	1,079	1,079	2,158
Interest portion of cash received for lease receivables	529	529	1,058
Principal payments on note payable	-	(80,948)	(80,948)
Interest charges on debt	-	(21,217)	(21,217)
Net Cash used for Capital and Related Financing Activities	<u>1,608</u>	<u>(101,962)</u>	<u>(100,354)</u>
Investment Activities			
Payments on note receivable	-	10,506	10,506
Purchase of investments	(85,626)	(185,697)	(271,323)
Sale of investments	54,850	98,731	153,581
Interest and other income	25,692	17,535	43,227
Net Cash from Investing Activities	<u>(5,084)</u>	<u>(58,925)</u>	<u>(64,009)</u>
Net Change in Cash and Cash Equivalents	(97,860)	143,719	45,859
Cash and Cash Equivalents, Beginning of Year	<u>1,251,406</u>	<u>2,170,270</u>	<u>3,421,676</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,153,546</u>	<u>\$ 2,313,989</u>	<u>\$ 3,467,535</u>

Round Hill General Improvement District
Statement of Cash Flows – Enterprise Funds
Year Ended June 30, 2022

	Sewer Fund	Water Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ (93,746)	\$ 132,193	\$ 38,447
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	22,022	152,710	174,732
Changes in			
Postemployment benefit obligation	12,972	30,528	43,500
Net pension liability	(13,054)	(24,809)	(37,863)
Accounts receivable	7,014	7,598	14,612
Prepaid expenses	(2,064)	(4,783)	(6,847)
Accounts payable	(29,832)	3,878	(25,954)
Accrued vacation and sick pay	2,011	4,779	6,790
Salaries payable	293	754	1,047
Prepaid user fees and customer deposits	-	1,758	1,758
Net Cash from Operating Activities	<u>\$ (94,384)</u>	<u>\$ 304,606</u>	<u>\$ 210,222</u>
Schedule of Non-Cash Investing, Capital and Financing Activities			
Lease receivable recognized on lessor lease transaction	\$ 18,176	\$ 18,176	\$ 36,352

Note 1 - Summary of Significant Accounting Policies**Reporting Entity**

The Round Hill General Improvement District (District) was organized under the provisions of Nevada Revised Statutes Chapter 318. Under this Statute, the District has been granted authority to provide water, sewer, and street maintenance services for the benefit of individuals residing within its geographic boundaries. The District is located in Zephyr Cove, Nevada.

The District is governed by an elected Board of Trustees. The financial statements of the District consist only of the funds of the District for which the District is considered to be financially accountable. The District is not financially accountable for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or fiscal dependence is determined on the basis of budget adopting authority, taxing authority, funding, and appointment of the respective governing board.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with specific function or segment. Expenses reported for functional activities include allocated indirect expenses. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

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, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claim and judgment, are recorded only when payment is due.

Intergovernmental revenue (consolidated tax), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received by the government.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District and accounts for all financial resources except those required to be accounted for in other funds.

The government reports the following major proprietary funds:

Water Fund – The Water Enterprise Fund is an enterprise fund and is used to account for operations of the Water department. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises where the Board has decided that the determination of revenue earned, costs incurred, or net income is necessary or useful for management accountability. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Sewer Fund – The Sewer Enterprise Funds are used to account for operations of the Sewer departments. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises where the Board has decided that the determination of revenue earned, costs incurred, or net income is necessary or useful for management accountability. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for services. The District recognizes as a capital contribution the portion of connection fees intended to recover the cost of connecting new customers to the system.

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and nonrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The District adheres to the Local Government Budget Act incorporated within Statutes of the State of Nevada. These Statutes provide for the preparation, filing, notice, public hearing, and adoption in connection with the budgetary process for Nevada local governments. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget amendments must be approved by the Board of Trustees. All annual appropriations lapse at year-end.

On or before April 15, the Board of Trustees files a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget are held and a final budget must be prepared and adopted no later than June 1.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents include cash on deposit at two commercial banks.

Investments are recorded at fair value. Investments include certificates of deposit and the State of Nevada Local Government Investment Pool. The State of Nevada Local Government Investment Pool 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.

Receivables

Accounts receivable consists of receivables from customers for water and sewer services. Taxes receivable consists of tax revenues for the period ending June 30, 2022 which have not been received. The District considers account and taxes receivables at June 30, 2022, to be fully collectible; therefore, no allowance for doubtful accounts is required.

Note receivable represents a long-term receivable due from Castle Rock Homeowners Association of Round Hill, see note 4 for additional information.

Lease Receivables

Lease receivables are recorded by District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets such as roads, bridges, erosion control improvements and similar items that reside on District property, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure prior to July 1, 2004 is excluded from these numbers. Erosion control projects and other projects that are completed on property not belonging to the District are expensed in the year incurred. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	15-50
Water filtration plan	7-75
Machinery and equipment	3-10
Infrastructure	20-40

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicated that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In case where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at June 30, 2022.

Accrued Vacation and Sick Leave

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The District accrues a liability for compensated absences which meet all of the following criteria:

- The District’s obligation relating to employee’s rights to receive compensation for future absences is attributable to services already rendered.
- Payment of the compensation is probable for such benefits through paid time off or cash payments at termination or retirement.

In the governmental funds, vested or accumulated vacation leave and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave and sick leave that are not expected to be liquidated with expendable available financial resources are not reflected in the governmental fund statements.

Vacation may be accumulated by employees up to certain maximums and is payable upon retirement or termination. The financial statements reflect the vacation accrual for all employees.

Pensions

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

Other Post Employment Benefit (OPEB)

Regarding the measurement of OPEB liabilities, the District relies on actuarial studies performed by MacLeod Watts to determine the total liability. The District reports the total liability as determined in the actuarial studies and pays the retiree health benefits as they come due.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and the proportionate share of contributions as well as contributions made after the measurement period for pensions and OPEB qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments qualify for reporting in this category. In addition, leases where District is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) such as on the straight-line basis over the term of the lease.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity Classifications

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

Net Investment in capital assets – consists of capital assets, net of accumulated depreciation and related debt.

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 District has no items that are considered to be restricted net position.

Unrestricted net position – all other net position that does not meet the definition of “invested in capital assets, net” or “restricted.”

In the governmental fund financial statement, 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 District includes fund balances that have been prepaid for expenses 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 District has no restricted fund balances.

Committed – represents amounts which can be used only for specific purposes determined by the members of the governing District’s formal action through a resolution or action. The District has committed fund balances as approved by the Board for the future liability of the post-employment retirement obligation and a road maintenance fund. The commitments can only be rescinded by the same action of the board which created the commitments.

Assigned – represents amounts that are intended by the District for specific purposes but do not require action by the governing Board. The District assigned balances are due to amounts designated for use in the in the subsequent year to cover any budget shortfall.

Unassigned – represents all amounts not included in other classifications

The District’s policy is to first apply expenditures against non-spendable fund balances and then unassigned balances. On an annual basis assigned fund balances are determined based upon available resources.

The District has approved a policy to maintain an unassigned minimum fund balance for each of the three funds which include operating reserves, emergency reserves, CIP reserves, bond reserves, and the land sale reserve. At June 30, 2022, the General Fund, Water Fund, and Sewer Fund had a policy to maintain reserves at \$837,000, \$1,086,000, and \$881,000, respectively.

Implementation of GASB Accounting Standards

As of July 1, 2021, the District 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 standard also requires lessors to recognize a lease receivable and deferred inflow of resources. As a result of implementing this standard the District recognized a lease receivable and deferred inflow of resources in the amount of \$363,496 and \$363,496 as of July 1, 2021, respectively. The District does not have any leases that resulted in a right of use asset and lease liability. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 5.

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

The District conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Cash, Cash Equivalents and Investments

By provision of statutes, the District is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada and must be subject to withdrawal on demand. Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Board's deposits may not be returned. District's bank deposits and CD's are covered by Federal Deposit Insurance Corporation (FDIC) insurance. Of the bank balances each bank is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). In addition, the District participates in the Nevada Pooled Collateral program through one of the individual banks, which insures the balances that are in excess of FDIC amounts.

At June 30, 2022, the bank balance of the District's cash in banks, including certificates of deposit and money market accounts was \$4,087,360.

The District is authorized to invest in the State of Nevada Local Government Investment Pool (LGIP). The LGIP is administered by the State Treasurer, with oversight by the State of Nevada Board of Finance. State statutes require the State Treasurer to collateralize the deposits made to it with other securities. The LGIP invest in securities as allowed by statute. The LGIP is valued at fair value. At June 30, 2022 the LGIP had a weighted average maturity of 125 days. The District reports the LGIP funds totaling \$2,243,476 as investments in LGIP on the statement of net position and cash and cash equivalents on the statement of cash flows based upon the availability of the funds held.

Round Hill General Improvement District

Notes to Financial Statements

June 30, 2022

The District's investment holdings as of June 30, 2022 consisted of certificates of deposit, which are categorized as Level 2 investments in accordance with the fair value hierarchy. The District reports its investments at cost since the investments are certificates of deposits and the District intends to hold the investment until maturity. Certificates of deposit include the following on June 30, 2022:

	<u>Amortized Cost</u>	<u>Unrecognized Holding Gains</u>	<u>Unrecognized Holding Losses</u>	<u>Estimated Fair Value</u>
Certificates of deposits	<u>\$ 735,000</u>	<u>\$ (4,089)</u>	<u>\$ -</u>	<u>\$ 730,911</u>

The certificates of deposit are not rated.

Contractual maturities of held-to-maturity securities at June 30, 2022, are as follows:

	<u>Net Carrying Amount</u>
Due in 1 year or less	\$ 735,000

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair-value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. The District does not have a formal policy regarding credit risk or concentration of credit risk.

All interest income is allocated between the General Fund and Enterprise Funds (Sewer Fund and Water Fund), based on a percentage for each fund as derived from the cash position of those funds. Interest income from investments consists of \$7,606, \$6,339, and \$11,409 for the General Fund, Sewer Fund, and Water Fund, respectively.

Note 4 - Note Receivable

The District entered into an agreement during 2018 with Castle Rock Homeowners Association of Round Hill for a note receivable. As of June 30, 2022, the principle amount due is \$252,131. The note carries an interest rate of 3.0% per annum with monthly payments of \$1,600 and a completion date of March 1, 2039.

Following is a summary of the activity in the notes payable account for the year ended June 30, 2022:

Principal outstanding, beginning of year	\$ 262,637
Payments	<u>(10,506)</u>
Principal outstanding, end of year	<u>\$ 252,131</u>

Following is a summary of the payment schedule at June 30, 2022:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 11,798	\$ 7,402	\$ 19,200
2024	12,156	7,044	19,200
2025	12,526	6,674	19,200
2026	12,907	6,293	19,200
2027	13,300	5,900	19,200
Thereafter	<u>189,444</u>	<u>131,466</u>	<u>320,910</u>
	<u>\$ 252,131</u>	<u>\$ 164,779</u>	<u>\$ 416,910</u>

Note 5 - Lease Income

The District has land lease agreements with Sacramento-Valley Limited Partnership d/b/a Verizon Wireless and UbiquiTel Leasing Company. Verizon Wireless provided monthly payments of \$1,283 for fiscal year 2022. The Verizon Wireless agreement term is May 19, 2008 through September 30, 2038. UbiquiTel Leasing Company provided monthly payments of \$1,289 for fiscal year 2022. The UbiquiTel Leasing Company agreement term is June 10, 2002 through June 10, 2027. During the fiscal year, the District recognized \$31,795 in lease revenue and \$9,767 in interest revenue related to these agreements. At June 30, 2022, the District recorded \$341,105 in lease receivables and \$331,701 in deferred inflows of resources related to these arrangements. Deferred inflows of resources will be recognized as revenue over the lease of the term. The District used an interest rate of 3% based on the rates available for similar term debt arrangements the District has.

Note 6 - Capital Assets

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

	Balance June 30, 2021	Additions or Transfers In	Deletions or Transfers Out	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land easements	\$ 288,894	\$ -	\$ -	\$ 288,894
Capital assets, being depreciated				
Buildings	52,485	-	-	52,485
Improvements	1,645,310	-	-	1,645,310
Machinery and equipment	642,174	43,397	(28,232)	657,339
Total capital assets, being depreciated	2,339,969	43,397	(28,232)	2,355,134
Less accumulated depreciation and amortization				
Buildings	(35,729)	(1,022)	-	(36,751)
Improvements	(808,227)	(88,926)	28,232	(868,921)
Machinery and equipment	(446,729)	(2,213)	-	(448,942)
	(1,290,685)	(92,161)	28,232	(1,354,614)
Total depreciable assets, net	1,049,284	(48,764)	-	1,000,520
Governmental activities capital assets, net	\$ 1,338,178	\$ (48,764)	\$ -	\$ 1,289,414
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 85,389	\$ -	\$ -	\$ 85,389
Land coverage	108,960	-	-	108,960
Construction in progress	38,466	-	-	38,466
Total capital assets, not being depreciated	232,815	-	-	232,815
Capital assets, being depreciated				
Plant assets	11,008,700	1,405	-	11,010,105
Less accumulated depreciation and amortization				
Plant assets	(5,856,345)	(174,732)	-	(6,031,077)
Total depreciable assets, net	5,152,355	(173,327)	-	4,979,028
Business-type activities capital assets, net	\$ 5,385,170	\$ (173,327)	\$ -	\$ 5,211,843

The District has permits to utilize water rights to serve customers. The water rights are not reflected in the accompanying financial statements as the District is not the beneficial owner of the water rights. At June 30, 2022 the District had permits for 358.84 acre feet of water rights.

Note 7 - Notes Payable – State of Nevada

During the year ended June 30, 2007, the District entered into a loan contract with the state of Nevada. The loan proceeds are provided from the “Drinking Water State Revolving Fund” and are used for water system improvements to the public water system. The construction project is completed with total loan proceeds drawn of \$620,084 in connection with the project, with a principle balance of \$186,757 at June 30, 2022. Interest accrues at the rate of 2.94% and is paid semi-annually. The District makes semi-annual principal payments on January 1 and July 1, with the total loan to be repaid on July 1, 2026. Principal and interest payments will be funded from existing revenue generated by users of the water system. The loan is secured by general obligation bonds and the ability to assess the tax in the event of default by the District.

During the year ended June 30, 2012, the District entered into a loan contract with the state of Nevada. The loan proceeds are provided from the “Drinking Water State Revolving Fund” and are used for water system improvements to the public water system. The construction project is completed with total loan proceeds drawn of \$799,992 in connection with the project, with a principle balance of \$474,041 at June 30, 2022. Interest accrues at the rate of 2.94% and is paid semi-annually. The project was completed, and the loan closed during July 2013. The District makes semi-annual principal payments on January 1 and July 1, with the total loan to be repaid on July 29, 2032. Principal and interest payments will be funded from existing revenue generated by users of the water system. The loan is secured by general obligation bonds and the ability to assess the tax in the event of default by the District.

Following is a summary of the activity in the notes payable account for the year ended June 30, 2022:

	Principal Outstanding July 1, 2021	Additions/ Issued	Payments	Principal Outstanding June 30, 2022	Current Portion
Note 1	\$ 225,031	\$ -	\$ 38,274	\$ 186,757	\$ 39,408
Note 2	516,715	-	42,674	474,041	43,939
	<u>\$ 741,746</u>	<u>\$ -</u>	<u>\$ 80,948</u>	<u>\$ 660,798</u>	<u>\$ 83,347</u>

The annual requirements to amortize both notes are as follows:

Year Ended June 30,	Principal	Interest	Total Payment
2023	\$ 83,347	\$ 18,819	\$ 102,166
2024	85,815	16,351	102,166
2025	88,357	13,809	102,166
2026	90,974	11,193	102,167
2028	71,362	8,498	79,860
2028-2032	240,943	18,054	258,997
	<u>\$ 660,798</u>	<u>\$ 86,724</u>	<u>\$ 747,522</u>

Total interest expense of \$20,027 is included as a direct expense for the water business-type activity in the accompanying statement of activities for the year ended June 30, 2022.

Note 8 - Pensions

Plan Description

The District contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost sharing, multiple employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5 percent of average compensation for each accredited year of service prior to July 1, 2001. For service earned on or after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.50% service time factor. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier for all years of service. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 – 286.579.

Vesting

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or at 55 with 30 years of service, or at any age with 33 1/3 years of service.

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was selected, the member cannot convert to the Employee/Employer Contribution plan.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the entry age actuarial cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2022, the Statutory Employer/employee matching rate was 15.50% for Regular employees. The Employer-pay contribution (EPC) rate was 29.75% for June 30, 2022 for Regular employees.

The District's contributions were \$59,756 for the year ended June 30, 2022.

Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the PERS Board adopted policy target asset allocation as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
U.S. stocks	42%	5.50%
International Equity	18%	5.50%
U.S. bonds	28%	0.75%
Private Markets	12%	6.65%

*As of June 30, 2021, PERS' long-term inflation assumption was 2.50%

Net Pension Liability

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability of \$490,422 was based on the District's share of contributions to the PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2021, the District's proportion was .005380 percent, which was an increase of 0.00017 percent from its proportion measured as of June 30, 2020.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	<u>1% Decrease in Discount Rate 6.25%</u>	<u>Discount Rate 7.25%</u>	<u>1% Increase in Discount Rate 8.25%</u>
Net pension liability	\$ 976,805	\$ 490,422	\$ 89,554

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website. Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS ACFR.

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Payroll growth	3.50%
Investment rate of return	7.25%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.25% to 9.10%, depending on service Rates include inflation and productivity increases
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2021 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for disabled regular members based on Pub-1020 Non-Safely Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates pro pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above- Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Changes in Assumptions

The PERS plan reflects the following change in assumptions from June 30, 2020 to June 30, 2021:

- The inflation rate decreased from 2.75% to 2.50%.
- Payroll growth decreased from 5.00% to 3.50%.
- Investment rate of return decreased from 7.50% to 7.25%.
- The consumer price index decreased from 2.75% to 2.50%.
- Mortality rates were changed from Headcount-Weighted RP-2014 Tables to Pub-2010 Mortality Tables.
- Projected salary increases declined from 4.25% to 9.15% to 4.20% to 9.10% for Regular members.
- Future mortality improvement was changed from 6 years to the Generational Projection Scale MP-2020.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the District recognized pension expense of \$17,035. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,323	\$ 3,451
Changes of assumptions	162,828	-
Net difference between projected and actual investment earnings on pension plan investments	-	400,169
Changes in proportion and differences between employer contributions and proportionate share of contributions	92,405	66,030
Contributions subsequent to the measurement date	59,756	-
	\$ 369,312	\$ 469,650

The \$59,756 reported as deferred outflows of resources related to pensions, resulting from the District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 6.14 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ (58,722)
2023	(60,372)
2024	(43,833)
2025	(44,682)
2026	41,878
2027	5,637
	<u>\$ (160,094)</u>

Note 9 - Postemployment Retirement Obligation

Plan Description and Eligibility

NRS 287.023 allows retired employees of governmental entities with the State of Nevada to join the State’s Public Employee Benefit Program (PEPB), an agent multiple-employer defined benefit OPEB plan administered by a nine-member governing board. PEPB provides medical, prescription, vision, life, and accident insurance, and dental for retirees. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan and no financial reports are issued.

Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. The statutes were revised effective November 30, 2008 to create new participation limitations so that only governments with active participants of PEPB can elect coverage after retirement. Based on the statute revision, former employees and current employees must have fifteen years of governmental service at the time of retirement and the local government must be utilizing PEPB’s for active employees to elect PEPB membership. During the fiscal year ended June 30, 2022, the District changed its health insurance and became a participating local government. Based upon the change and the statute requirements, the current employees are eligible for subsidized coverage at retirement. Therefore, the net OPEB obligation has increased to reflect this change.

PEBP provides medical, dental, vision, mental health and substance abuse and also offers fully insured HMO products. Long-term disability and life insurance benefits are fully insured by outside carriers.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to, but not yet receiving benefit payments	-
Active plan members	2
	<hr/>
	7
	<hr/> <hr/>

Contributions

Per NRS 287 contribution requirements of the participating entities and covered employees are established and may be amended by the PEBP Board. The Boards' contractually required contribution for the year ended June 30, 2022 was \$7,252, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability of \$268,102 was measured as of June 30, 2021, and was determined by an actuarial valuation as June 30, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.92% per year
Salary increases	3.00% per year
Discount rate	1.92%
Healthcare cost trend rates	Pre Medicare: 5.7% in 2022, fluctuating down to 4.0% by 2076, Post Medicare: 4.5%

The discount rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. Mortality improvement was based on the MacLeod Watts Scale 2022, which was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivor's Insurance and Federal Disability Insurance Trust Funds, published August 2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2021.

Round Hill General Improvement District

Notes to Financial Statements

June 30, 2022

Changes in the Total OPEB Liability

Balance, June 30, 2021	\$ 241,725
Changes for year	
Service cost	9,919
Interest	6,076
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions or other inputs	17,634
Benefit payments	<u>(7,252)</u>
Net changes	<u>26,377</u>
Balance, June 30, 2022	<u><u>\$ 268,102</u></u>

Changes of assumptions and other inputs reflect the following change in assumptions from June 30, 2020 to June 30, 2021:

- Inflation rate decreased from 2.5% to 1.92%.
- Discount rate decreased from 2.45% to 1.92%.
- Healthcare cost trend rate decreased from 6.25% declining to 5.0% to 5.7% declining to 4.0%.
- Mortality rates were changed from non-disabled and disabled Headcount-Weighted RP-2014 Healthy Annuitant Table set forward one year and Headcount-Weighted RP-2014 Disabled Retiree Table, set forward 4 years to Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females.
- Mortality improvement was changed from MacLeod Watts Scale 2018 to Mortality rates were based on the MacLeod Watts Scale 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

	1% Decrease in Discount Rate (0.92%)	Discount Rate (1.92%)	1% Increase in Discount Rate (2.92%)
Total OPEB liability	\$ 306,749	\$ 268,102	\$ 236,255

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Health Care Cost Trend	1% Increase
Total OPEB liability	\$ 232,625	\$ 268,102	\$ 311,980

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized an increase of \$62,087. At June 30, 2022, the District reported the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption	\$ 17,056	\$ -
Differences between expected and actual experience	45,031	-
Deferred contributions	6,976	-
Benefit payments subsequent to measurement date	\$ 69,063	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Reporting period ending June 30,	
2023	\$ 56,915
2024	5,172
	\$ 62,087

There were no assets accumulated in a trust.

Note 10 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

Round Hill General Improvement District

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Intergovernmental revenue				
Consolidated taxes	\$ 498,331	\$ 498,331	\$ 499,606	\$ 1,275
Ad valorem taxes	164,296	164,296	161,987	(2,309)
Miscellaneous				
Interest on investments	6,000	6,000	16,396	10,396
Lease income	27,900	27,900	31,985	4,085
Total revenue	<u>696,527</u>	<u>696,527</u>	<u>709,974</u>	<u>13,447</u>
Expenditures				
Current				
General government				
Salaries	176,750	176,750	204,106	(27,356)
Benefits	94,987	94,987	11,486	83,501
Service and supplies	178,619	178,619	176,839	1,780
Capital outlay	-	-	43,397	(43,397)
Total expenditures	<u>450,356</u>	<u>450,356</u>	<u>435,828</u>	<u>14,528</u>
Excess of Revenue over Expenditures	246,171	246,171	274,146	27,975
Fund Balance, Beginning of Year	<u>2,029,556</u>	<u>2,029,556</u>	<u>2,156,689</u>	<u>127,133</u>
Fund Balance, End of Year	<u>\$ 2,275,727</u>	<u>\$ 2,275,727</u>	<u>\$ 2,430,835</u>	<u>\$ 155,108</u>

Round Hill General Improvement District
Schedule of Changes in Net Pension Liability
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00538%	0.00521%	0.00468%	0.00451%	0.00585%	0.00540%	0.00571%	0.00583%
Proportionate share of the net pension liability	\$ 490,422	\$ 726,258	\$ 638,125	\$ 614,764	\$ 777,387	\$ 726,645	\$ 654,746	\$ 607,155
Covered payroll	\$ 384,872	\$ 372,877	\$ 321,784	\$ 298,691	\$ 375,082	\$ 343,976	\$ 352,022	\$ 367,558
Proportionate share of the net pension liability as a percentage of its covered payroll	127.42%	194.77%	198.31%	205.82%	207.26%	211.25%	186.00%	165.19%
Plan fiduciary net position as a percentage of the total pension liability	86.51%	77.04%	76.50%	75.20%	74.40%	72.20%	75.10%	76.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

Round Hill General Improvement District
Schedule of Contributions-Pension
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 59,756	\$ 56,288	\$ 54,340	\$ 45,050	\$ 41,819	\$ 52,512	\$ 45,782	\$ 44,097
Contributions in relation to the contractually required contribution	\$ (59,756)	\$ (56,288)	\$ (54,340)	\$ (45,050)	\$ (41,819)	\$ (52,512)	\$ (45,782)	\$ (44,097)
District's covered payroll	\$ 402,246	\$ 384,872	\$ 372,877	\$ 321,784	\$ 298,691	\$ 375,082	\$ 343,976	\$ 352,022
Contributions as a percentage of covered payroll	14.86%	14.62%	14.57%	14.00%	14.00%	14.00%	13.31%	12.53%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

Round Hill General Improvement District
Schedule of Contributions - Pension
Last Ten Fiscal Years

Notes to schedule:	2021	2020	2019	2018	2017	2016	2015	2014
Inflation rate	2.50%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Payroll growth	3.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment rate of return	7.25%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%	8.00%
Productivity pay increase	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%
Projected salary increase	4.20% to 9.10%	4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%	4.60% to 9.75%
Consumer price index	2.50%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Mortality rates								
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	Headcount-Weighted RP-2014 Disabled	RP-2000 Combined Disabled Mortality Table	RP-2000 Combined Disabled Mortality Table	RP-2000 Combined Disabled Mortality Table
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	N/A	N/A	N/A
Pre-retirement***	Employee Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	Headcount-Weighted RP-2014 Healthy	N/A	N/A	N/A
Future mortality improvement	Generational Projection Scale MP-2020	6 years	6 years	6 years	6 years	N/A	N/A	N/A

** Depending on service. Rates include inflation and productivity increases.

***Amount-Weighted Above-Median.

Round Hill General Improvement District
Schedule of Changes in the Total Other Post-Employment Benefits Liability and other Ratios
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Service cost	\$ 9,919	\$ -	\$ -	\$ -	\$ -
Interest	6,076	2,534	2,690	2,796	2,541
Differences between expected and actual experience	-	153,541	-	-	-
Changes in assumptions or other inputs	17,634	19,275	-	(354)	(4,335)
Benefit payments	<u>(7,252)</u>	<u>(7,252)</u>	<u>(6,694)</u>	<u>(6,694)</u>	<u>(6,694)</u>
Net change in total OPEB liability	26,377	168,098	(4,004)	(4,252)	(8,488)
Total OPEB liability - beginning of year	<u>241,725</u>	<u>73,627</u>	<u>77,632</u>	<u>81,884</u>	<u>90,372</u>
Total OPEB liability - ending of year	<u>\$ 268,102</u>	<u>\$ 241,725</u>	<u>\$ 73,628</u>	<u>\$ 77,632</u>	<u>\$ 81,884</u>

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years which information is available.

No assets are held in trust.

Change in benefit terms. In the June 30, 2021 actuarial valuation, there were no changes in benefit terms.

Change in assumptions. In the June 30, 2021 actuarial valuation, there was a change in assumptions. The change was due to an update in the demographic assumptions.

Round Hill General Improvement District
 Schedule of Changes in the Total Other Post-Employment Benefits Liability and other Ratios
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Inflation	1.92%	2.50%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	N/A: All retired	N/A: All retired	N/A: All retired
Discount rate	1.92%	2.45%	3.62%	3.62%	3.56%
Healthcare costs trend rates	Pre Medicare: 5.7% in 2022, fluctuating down to 4.0% by 2076,		Pre Medicare: 6.25% in 2019, fluctuating down to 5.0% by 2024, Post Medicare: 4.5%		
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females		Non-disabled and disabled Headcount-Weighted RP-2014 Healthy Annuitant Table set forward one year and Headcount-Weighted RP-2014 Disabled Retiree Table, set forward 4 years		
Mortality improvement	MacLeod Watts Scale 2020		MacLeod Watts Scale 2017		



Supplementary Information
June 30, 2022

Round Hill General Improvement District

Round Hill General Improvement District
Statement of Revenue, Expenditures, and Changes in Net Pension – Budget and Actual – Sewer Fund
Year Ended June 30, 2022

	Final Budget	Actual	Variance
Operating Revenue			
Charges for services	\$ 652,800	\$ 630,165	\$ (22,635)
Operating Expenses			
Salaries and wages	71,950	83,481	(11,531)
Employee benefits	37,553	4,541	33,012
Services and supplies	607,971	613,867	(5,896)
Depreciation	39,400	22,022	17,378
Total operating expenses	<u>756,874</u>	<u>723,911</u>	<u>32,963</u>
Operating Loss	(104,074)	(93,746)	10,328
Non-Operating Revenue (Expenses)			
Interest earned	5,000	6,827	1,827
Other income	22,450	20,943	(1,507)
Total non-operating revenue	<u>27,450</u>	<u>27,770</u>	<u>320</u>
Change in Net Position	<u>\$ (76,624)</u>	(65,976)	<u>\$ 10,648</u>
Net Position, Beginning of Year		<u>1,601,613</u>	
Net Position, End of Year		<u>\$ 1,535,637</u>	

Round Hill General Improvement District
Statement of Revenue, Expenditures, and Changes in Net Pension – Budget and Actual – Water Fund
Year Ended June 30, 2022

	Final Budget	Actual	Variance
Operating Revenue			
Charges for services	\$ 707,200	\$ 670,576	\$ (36,624)
Operating Expenses			
Salaries and wages	175,300	202,868	(27,568)
Employee benefits	88,360	10,685	77,675
Services and supplies	170,858	172,120	(1,262)
Depreciation	157,600	152,710	4,890
Total operating expenses	592,118	538,383	53,735
Operating Income	115,082	132,193	17,111
Non-Operating Revenue (Expenses)			
Interest income	16,751	11,898	(4,853)
Other income	4,450	7,717	3,267
Interest expense	(21,217)	(20,027)	1,190
Total non-operating revenue	(16)	(412)	(396)
Change in Net Position	\$ 115,066	131,781	\$ 16,715
Net Position, Beginning of Year		6,672,670	
Net Position, End of Year		\$ 6,804,451	



**Independent Auditor’s 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 Trustees
Round Hill General Improvement District
Zephyr Cove, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Round Hill General Improvement District (the “District”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 30, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 over financial reporting that might be material weaknesses or significant deficiencies and therefore,

material weaknesses or significant deficiencies may exist that have not been identified. We did identify 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 District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Round Hill General Improvement District’s Response to Findings

The District’s response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The District’s responses were 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 District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reno, Nevada
November 30, 2022

2022-001: Financial Reporting Material Weakness

<i>Criteria:</i>	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.
<i>Condition:</i>	As auditors, we assisted in the preparation of the financial statements, and proposed several journal entries.
<i>Cause:</i>	Procedures have not been implemented to ensure District personnel possess the experience to prepare the District's full disclosure financial statements in accordance with generally accepted accounting principles.
<i>Effect:</i>	Financial information prepared by the District may not comply with generally accepted accounting principles.
<i>Recommendation:</i>	We recommend the District implement procedures to provide training in the preparation of governmental financial statements in accordance with generally accepted accounting principles and management review and approve all journal entries.
<i>Views of Responsible Officials:</i>	While management agrees with this finding, due to constraints on financial resources and workforce considerations, the District believes the most cost-efficient approach is to outsource the financial preparation function. Therefore, the District will continue to contract with the external auditor to prepare the District's financial statements and adjust the general ledger as necessary.



Auditors' Comments

To the Board of Trustees
Round Hill General Improvement District
Zephyr Cove, Nevada

In connection with our audit of the financial statements the governmental activities, the business-type activities, and each major fund of Round Hill General Improvement District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes 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 District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

The District conformed to all significant statutory constraints on its financial administration during the year, except for those items identified in Note 2 of the accompanying financial statements.

Progress on Prior Year Statute Compliance

There were no potential statute violations reported in the June 30, 2021 audit report.

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.

Progress on Prior Year Recommendations

No material weaknesses or significant deficiencies were noted regarding compliance with Nevada Revised Statutes.

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

Reno, Nevada
November 30, 2022