

**GARDNERVILLE RANCHOS GENERAL
IMPROVEMENT DISTRICT**

***FINANCIAL STATEMENTS &
SUPPLEMENTARY INFORMATION***

**Fiscal Year Ended
June 30, 2025**



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

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

TABLE OF CONTENTS JUNE 30, 2025

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	19
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	20
Open Space Special Revenue Fund	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Notes to the Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability	49
Schedule of District's Contributions to Public Employees' Retirement System of Nevada	50
Schedule of Changes in District's Total OPEB Liability and Related Ratios	51
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Major Governmental Funds	
Balance Sheet	
General Fund	52
Open Space Special Revenue Fund	53
Capital Projects Fund	54

Continued on next page.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

TABLE OF CONTENTS JUNE 30, 2025

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: Capital Projects Fund	55
Proprietary Funds – Enterprise Funds	
<i>Water Enterprise Fund</i>	
Statement of Net Position	56
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	58
Schedule of Cash Flows – Budget and Actual	59
<i>Sewer Enterprise Fund</i>	
Statement of Net Position	61
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	62
Schedule of Cash Flows – Budget and Actual	63
COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	67
Schedule of Expenditures of Federal Awards	70
Notes to the Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	72
Summary Schedule of Prior Audit Findings	75
Auditor's Comments	76



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Gardnerville Ranchos General Improvement District
Gardnerville, Nevada

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Gardnerville Ranchos General Improvement District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Gardnerville Ranchos General Improvement District as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Open Space Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A); the Schedule of District's Proportionate Share of Net Pension Liability; the Schedule of the District's Contributions to its public pension plan; and the Schedule of Changes in the District's Total OPEB Liability and Related 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 individual fund financial schedules, including budgetary comparisons, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 individual fund financial schedules, including budgetary comparisons, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Prior Year Partial Comparative Information

We have previously audited in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2024, and have issued our report thereon dated February 24, 2025 which expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, and each major fund. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2024 is consistent with the audited financial statements from which it is derived.

The individual fund financial statements and schedules related to the 2024 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2024 basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund financial statements and schedules are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026, 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.

Silva Scirene & Assoc, LLC

Reno, Nevada

February 23, 2026



**Gardnerville Ranchos General Improvement District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

As management of the Gardnerville Ranchos 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 Gardnerville Ranchos General Improvement District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements and notes to the financial statements.

Financial Highlights

- The Government-wide assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$46,819,073 (*net position*). Of this amount, \$9,938,076 represents unrestricted net position, which may be used to meet the District's ongoing obligations to citizens and creditors.
- The Government-wide total net position increased \$2,573,458 primarily due to operating revenues outpacing operating expenses.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$6,003,169, a decrease of \$1,066,546 over the prior year. There is an unassigned fund balance of \$5,435,034 as of June 30, 2025, available for spending at the District's discretion and subject to budgetary appropriations and constraints.
- At the end of the current fiscal year, the General Fund unassigned fund balance was \$5,435,034 or approximately 1.75 times the General Fund's FY25 expenditures. The District has adopted a minimum fund balance policy for the General Fund, which is described in Note 11.
- The District's Water Fund retired \$305,560 in bond principal during the current fiscal year.
- As of June 30, 2025, the District reported an OPEB liability of \$87,247 on the Government-wide Statement of Net Position. See Note 8 for more information.
- As of June 30, 2025, the District reported a liability of \$1,347,471 for its proportionate share of the Public Employees' Retirement System of Nevada net pension liability. This liability was measured as of June 30, 2024 and was based on the District's long-term share of contributions to the pension plan relative to the projected unfunded contributions of all participating entities, actuarially determined. See Note 7 for more information.

Overview of the Financial Statements

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

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

This report also includes required supplementary information and other supplementary information intended to furnish additional detail to support the basic financial statements.

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

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, 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 District is improving or declining.

The *statement of activities* presents information showing how the District'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. Accordingly, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the 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 District include general government, public works and parks and recreation. The business-type activities of the District include water and sewer.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental 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. However, unlike the government-wide financial statements, governmental fund financial statements 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 requirements.

Since 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in this comparison between *governmental funds* and *governmental activities*. The principal differences reflected in the reconciliation are recognition of depreciation expense on capital assets and net pension liabilities and deferred outflows/inflows applicable to future periods.

The District maintains three governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Open Space Special Revenue Fund, and the Capital Projects Fund.

The District adopts an annual budget for all of its funds. A budgetary comparison statement has been provided in the basic financial statements for the General Fund and the Open Space Special Revenue Fund to demonstrate compliance with the funds' respective budgets.

Proprietary Funds. The District maintains two proprietary funds, both of which are enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its Water and Sewer Authority. The basic proprietary fund financial statements can be found in this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's cost-sharing pension plan and OPEB liability. Immediately following this required supplementary information are individual fund financial statements and schedules with budget to actual comparisons for the remaining funds.

Government-wide Overall Financial Analysis

Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, the condition of the District's roads, and projects that will enhance the quality of life, as well as the quality of the water and sewer services, to assess the overall health of the District. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46,819,073 at June 30, 2025.

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2025	2024	2025	2024	2025	2024
Assets:						
Current assets	\$ 6,038,687	\$ 7,082,198	\$ 6,607,435	\$ 8,295,271	\$ 12,646,122	\$ 15,377,469
Capital assets, net	8,173,531	6,302,622	32,621,148	30,607,099	40,794,679	36,909,721
Other long-term assets	38,896	33,550	-	-	38,896	33,550
Total assets	14,251,114	13,418,370	39,228,583	38,902,370	53,479,697	52,320,740
Deferred Outflows of Resources	245,082	189,503	287,704	222,459	532,786	411,962
Total Assets and Deferred Outflows of Resources	14,496,196	13,607,873	39,516,287	39,124,829	54,012,483	52,732,702
Liabilities:						
Long-term liabilities	707,084	689,442	5,063,633	5,266,923	5,770,717	5,956,365
Other liabilities	85,595	67,742	1,165,678	2,369,953	1,251,273	2,437,695
Total liabilities	792,679	757,184	6,229,311	7,636,876	7,021,990	8,394,060
Deferred Inflows of Resources	78,853	42,792	92,567	50,235	171,420	93,027
Total Liabilities and Deferred Inflows of Resources	871,532	799,976	6,321,878	7,687,111	7,193,410	8,487,087
Net Position:						
Net investment in capital assets	8,173,531	6,302,622	28,061,149	25,210,899	36,234,680	31,513,521
Restricted	38,896	33,550	607,421	507,635	646,317	541,185
Unrestricted	5,412,237	6,471,725	4,525,839	5,719,184	9,938,076	12,190,909
Total net position	\$ 13,624,664	\$ 12,807,897	\$ 33,194,409	\$ 31,437,718	\$ 46,819,073	\$ 44,245,615

The largest portion of net position (77%) reflects net investment in capital assets (e.g., land, water rights, sewer capacity rights, construction in progress, buildings, machinery, equipment, vehicles and infrastructure, net of accumulated depreciation), less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources since capital assets cannot be used to liquidate these liabilities.

An additional portion of the District's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,938,076 is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The District's overall net position increased \$2,573,458 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Gardnerville Ranchos General Improvement District
Statement of Changes in Net Position**

Table 2

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 2,979,073	\$ 2,991,787	\$ 2,979,073	\$ 2,991,787
Capital grants and contributions	-	-	2,363,433	275,955	2,363,433	275,955
General revenues and transfers						
Property taxes	1,255,796	1,170,409	-	-	1,255,796	1,170,409
Consolidated taxes	1,170,063	1,129,670	-	-	1,170,063	1,129,670
Other general revenues	42,682	168,993	451,173	555,481	493,855	724,474
Total revenues	2,468,541	2,469,072	5,793,679	3,823,223	8,262,220	6,292,295
Expenses:						
General government	404,648	380,990	-	-	404,648	380,990
Public works	803,191	697,028	-	-	803,191	697,028
Parks and recreation	443,935	350,282	-	-	443,935	350,282
Water	-	-	2,069,714	2,069,438	2,069,714	2,069,438
Sewer	-	-	1,967,274	2,164,948	1,967,274	2,164,948
Total expenses	1,651,774	1,428,300	4,036,988	4,234,386	5,688,762	5,662,686
Increase in net position	816,767	1,040,772	1,756,691	(411,163)	2,573,458	629,609
Net Position, July 1	12,807,897	11,767,125	31,437,718	31,848,881	44,245,615	43,616,006
Net Position, June 30	\$ 13,624,664	\$ 12,807,897	\$ 33,194,409	\$ 31,437,718	\$ 46,819,073	\$ 44,245,615

Governmental activities. The net position for governmental activities increased by \$816,767 from the prior fiscal year and resulted in ending net position of \$13,624,664. The increase in net position contrasts with an increase of \$1,040,772 in net position in the prior year, representing a change of \$224,005. The increase in the current year was primarily driven by growth in property tax and consolidated tax revenues, partially offset by higher public works and parks and recreation expenditures

Business-type Activities. For the District's business-type activities, the results for the current fiscal year increased net position by \$1,756,691, resulting in ending net position of \$33,194,409. This increase contrasts with a decrease of \$411,163 in the prior fiscal year, representing a year-over-year improvement of \$2,167,854. The improvement was primarily attributable to increased capital grants and contributions and controlled operating costs in the Water and Sewer Funds.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the

District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

At June 30, 2025, the District's governmental funds reported combined fund balances of \$6,003,169, a decrease of \$1,066,546 over the prior year. Approximately 91%, or \$5,435,034 of this amount constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted or assigned to indicate that it is 1) legally required by entities outside the District to be used for specific purposes, \$38,896, or 2) assigned for particular purposes, \$529,239.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,435,034. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total General Fund expenditures. As discussed in Note 11, the District has adopted a minimum fund balance reserve policy to ensure funds are available for future needs. The fund balance of the General Fund decreased by \$908,364 during the current fiscal year resulting mainly from additional public works capital outlay.

The Open Space Special Revenue Fund, a major fund, had a decrease in fund balance during the current year of \$163,528 to bring the year end fund balance to \$529,239. Other than interest income of \$4,475, there was no revenue for the Open Space Special Revenue Fund during the current year. Expenditures are expected to be funded using the annual operating transfer of \$250,000 from the General Fund and beginning fund balance, if needed.

The Capital Projects Fund, the remaining major governmental fund, had a \$5,346 increase in fund balance during the current fiscal year which brought the overall fund balance to \$38,896. The increase was solely attributable to \$5,346 in interest income.

Proprietary Funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year was \$2,382,120 and for the Sewer Fund was \$2,143,719, for a combined total of \$4,525,839. Total net position of the District's proprietary funds increased \$1,756,691 during the fiscal year, consisting of an increase in the Water Fund of \$2,155,827 and a decrease in the Sewer Fund of \$399,136.

General Fund Budgetary Highlights

The District adopts an annual operating budget and a five-year Capital Plan following public budget workshops and a public hearing. The operating budget includes proposed expenditures and the means of financing them. The District's operating budget remains in effect the entire year and can be revised during the fiscal year by Board action at an agenzized Board of Trustees meeting. Fiscal 2025 budget comparisons are presented with the basic financial statements for the General Fund, and the Open Space Special Revenue Fund and in the supplemental information for the Capital Projects Fund, Water Fund and Sewer Fund.

Original budget compared to final budget. During the year no amendments were made to increase either the original estimated revenues or original budgeted appropriations or to reallocate appropriations among departments. Note 2 to the financial statements discloses potential violations of the Nevada Revised Statutes due to over-expenditures whereby expenditures in the General and Open Space funds exceeded the original budget appropriations.

Final budget compared to actual results. A 2025 General Fund budget comparison and analysis is presented in Table 3.

**Gardnerville Ranchos General Improvement District
General Fund
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2025**

Table 3

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 1,257,184	\$ 1,245,268	\$ (11,916)
Consolidated taxes	1,169,410	1,170,063	653
Other revenues	20,000	32,861	12,861
Total revenues	<u>2,446,594</u>	<u>2,448,192</u>	<u>1,598</u>
Expenditures:			
General government	475,000	398,493	76,507
Public works	1,825,000	2,708,063	(883,063)
Total expenditures	<u>2,300,000</u>	<u>3,106,556</u>	<u>(806,556)</u>
Excess (Deficiency) before transfers	146,594	(658,364)	(804,958)
Transfers	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Changes in Fund Balance	<u>\$ (103,406)</u>	<u>\$ (908,364)</u>	<u>\$ (804,958)</u>

Consolidated taxes are collected by the State. They consist of sales and use tax, motor vehicle privilege tax, etc. Ad valorem taxes are collected by the County. Property tax revenues were \$11,916 less than budget, while consolidated taxes exceeded budget by \$653. Other revenues exceeded budget by \$12,861. General government expenditures were \$76,507 less than budget.

Public Works expenditures were \$883,063 more than budget. This variance was primarily attributable to higher capital outlay and project related costs incurred during the fiscal year.

Capital Assets and Debt Administration

Capital assets. The District's capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$40,794,679 (net of accumulated depreciation). This investment in capital assets includes land, water rights, sewer capacity rights, construction in progress, buildings, equipment, vehicles, roads, park facilities and distribution and collection systems as set forth in Table 4. The increase in net capital assets for the current fiscal year was approximately 11%.

**Gardnerville Ranchos General Improvement District
Net Capital Assets, June 30,**

Table 4

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2025	2024	2025	2024	2025	2024
Land	\$ 182,025	\$ 182,025	\$ 65,854	\$ 65,854	\$ 247,879	\$ 247,879
Water rights	-	-	1,784,700	1,784,700	1,784,700	1,784,700
Sewer capacity rights	-	-	8,228,393	7,712,141	8,228,393	7,712,141
Construction in progress	-	-	1,621,406	5,539,072	1,621,406	5,539,072
Buildings, equipment, vehicles	161,301	186,173	830,496	996,834	991,797	1,183,007
Road network (infrastructure)	7,532,850	5,543,556	-	-	7,532,850	5,543,556
Park (infrastructure)	297,355	390,868	-	-	297,355	390,868
Distributions and collection systems	-	-	20,090,299	14,508,498	20,090,299	14,508,498
Total	\$ 8,173,531	\$ 6,302,622	\$ 32,621,148	\$ 30,607,099	\$ 40,794,679	\$ 36,909,721

Long-term Debt. At the end of the current fiscal year, the District’s Water Fund had \$4,560,000 in revenue bonds outstanding.

Principal payments on the above debt made during the year were \$305,560; interest incurred was \$101,845. Debt service payments scheduled for FY26 are: Principal reductions of \$224,000 and interest of \$97,411, for a total of \$321,411.

The remainder of the District's long-term obligations is comprised of compensated absences, pension-related liabilities and post-employment health benefit obligations.

The District may borrow money and incur or assume indebtedness as provided in Nevada Revised Statutes, Chapter 318, Section 277, so long as the total of all such indebtedness (but excluding revenue bonds and special assessment bonds) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property. The District is within this limit as of June 30, 2025.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect the District and were considered in developing the 2025-2026 fiscal year budget.

- The forecast for growth within the District is expected to remain moderate for the upcoming fiscal year. New home construction continues to be steady. The assessed valuation is expected to remain comparable to the prior year. District revenues are projected to remain mostly steady for Ad Valorem taxes and Consolidated Tax.
- The property tax rate is expected to remain at \$0.55 cents per hundred dollars of assessed valuation. The Board is exploring the possibility of increasing the tax rate in upcoming years to augment funding for future road reconstruction projects.
- The 2025-2026 Street Maintenance Project is budgeted for \$675,000, including engineering costs. In addition, the Water Fund secured a \$5,000,000 loan for the South District Pipeline Replacement Project, Phase 1. Phase 2A was paid for from existing water fund reserves. Phase 2B and Phase 3 will

be financed through future grants and/or borrowing. Phase 2B is awaiting a \$2 million grant in early fiscal 2026 to be accompanied by a \$4 million SRF loan.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to Greg Reed, District Manager, 931 Mitch Drive, Gardnerville, Nevada, 89460.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 5,768,107	\$ 5,336,584	\$ 11,104,691
Receivables	270,580	923,081	1,193,661
Inventory	-	24,110	24,110
Restricted cash and investments	38,896	323,660	362,556
Capital assets:			
Capital assets, not being depreciated	182,025	17,955,709	18,137,734
Capital assets being depreciated, net of accumulated depreciation	7,991,506	14,665,439	22,656,945
Total Assets	14,251,114	39,228,583	53,479,697
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	245,082	287,704	532,786
Total Assets and Deferred Outflows of Resources	14,496,196	39,516,287	54,012,483
LIABILITIES			
Accounts payable	29,507	793,526	823,033
Accrued liabilities	34,379	79,048	113,427
Customer deposits	-	69,104	69,104
Noncurrent liabilities, due within one year:			
Bonds payable	-	224,000	224,000
Compensated absences	21,709	-	21,709
Noncurrent liabilities, due in more than one year:			
Bonds payable	-	4,335,999	4,335,999
Post employment health benefit (OPEB) liability	87,247	-	87,247
Net pension liability	619,837	727,634	1,347,471
Total Liabilities	792,679	6,229,311	7,021,990
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	78,853	92,567	171,420
Total Liabilities and Deferred Inflows of Resources	871,532	6,321,878	7,193,410
NET POSITION			
Net investment in capital assets	8,173,531	28,061,149	36,234,680
Restricted for:			
Future water infrastructure	-	283,761	283,761
Debt service	-	323,660	323,660
Future capital project	38,896	-	38,896
Unrestricted	5,412,237	4,525,839	9,938,076
Total Net Position	\$ 13,624,664	\$ 33,194,409	\$ 46,819,073

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

PROGRAMS/FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE		TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	
			OPERATING	CAPITAL			
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 404,648	\$ -	\$ -	\$ -	\$ (404,648)	\$ -	\$ (404,648)
Public works	803,191	-	-	-	(803,191)	-	(803,191)
Parks and recreation	443,935	-	-	-	(443,935)	-	(443,935)
Total governmental activities	1,651,774	-	-	-	(1,651,774)	-	(1,651,774)
Business type activities							
Water	2,069,714	1,750,870	-	2,275,233	-	1,956,389	1,956,389
Sewer	1,967,274	1,228,203	-	88,200	-	(650,871)	(650,871)
Total business type activities	4,036,988	2,979,073	-	2,363,433	-	1,305,518	1,305,518
Total primary government	\$ 5,688,762	\$ 2,979,073	\$ -	\$ 2,363,433	(1,651,774)	1,305,518	(346,256)
General Revenues and Transfers:							
Ad valorem taxes					1,255,796	-	1,255,796
Consolidated taxes					1,170,063	-	1,170,063
Investment earnings (loss) and other income					42,682	451,173	493,855
Total General Revenues and Transfers					2,468,541	451,173	2,919,714
Change in Net Position					816,767	1,756,691	2,573,458
NET POSITION, July 1, 2024					12,807,897	31,437,718	44,245,615
NET POSITION, June 30, 2025					\$ 13,624,664	\$ 33,194,409	\$ 46,819,073

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	OPEN SPACE			TOTALS	
	GENERAL	SPECIAL	CAPITAL	GOVERNMENTAL FUNDS	
	FUND	REVENUE FUND	PROJECTS FUND	2025	2024
ASSETS					
Cash and investments	\$ 5,215,106	\$ 553,001	\$ -	\$ 5,768,107	\$ 6,857,394
Taxes receivable, ad valorem	16,156	-	-	16,156	370
Taxes receivable, consolidated	254,424	-	-	254,424	207,661
Prepays	-	-	-	-	16,773
Restricted cash and investments	-	-	38,896	38,896	33,550
Total Assets	\$ 5,485,686	\$ 553,001	\$ 38,896	\$ 6,077,583	\$ 7,115,748
LIABILITIES					
Accounts payable	\$ 14,326	\$ 15,181	\$ -	\$ 29,507	\$ 11,708
Accrued payroll	25,798	8,581	-	34,379	34,325
Total Liabilities	40,124	23,762	-	63,886	46,033
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	10,528	-	-	10,528	-
FUND BALANCES					
Nonspendable	-	-	-	-	16,773
Restricted	-	-	38,896	38,896	33,550
Assigned	-	529,239	-	529,239	796,173
Unassigned	5,435,034	-	-	5,435,034	6,223,219
Total Fund Balances	5,435,034	529,239	38,896	6,003,169	7,069,715
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,485,686	\$ 553,001	\$ 38,896	\$ 6,077,583	\$ 7,115,748

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2025

Fund Balance - Governmental Funds		\$	6,003,169
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:			
Governmental capital assets		\$	15,605,069
Less accumulated depreciation			<u>(7,431,538)</u>
			8,173,531
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.			
			10,528
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liability and related deferrals are not reported in the governmental funds:			
Deferred outflows - pensions			245,082
Deferred inflows - pensions			(78,853)
Net pension liability			(619,837)
OPEB liability			<u>(87,247)</u>
			(540,855)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds:			
Compensated absences			<u>(21,709)</u>
Net Position - Governmental Activities		\$	<u><u>13,624,664</u></u>

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	OPEN SPACE			TOTAL	
	GENERAL	SPECIAL	CAPITAL	GOVERNMENTAL FUNDS	
	FUND	REVENUE FUND	PROJECTS FUND	2025	2024
REVENUES					
Ad valorem taxes	\$ 1,245,268	\$ -	\$ -	\$ 1,245,268	\$ 1,178,570
Consolidated taxes	1,170,063	-	-	1,170,063	1,129,670
Interest and other miscellaneous income	32,861	4,475	5,346	42,682	168,991
Total Revenues	2,448,192	4,475	5,346	2,458,013	2,477,231
EXPENDITURES					
General government:					
Current operations					
Salaries and benefits	207,028	-	-	207,028	204,556
Services and supplies	191,465	-	-	191,465	169,513
Total general government	398,493	-	-	398,493	374,069
Public works:					
Current operations					
Salaries and benefits	184,426	-	-	184,426	190,170
Services and supplies	147,475	-	-	147,475	129,974
Capital outlay	2,376,162	-	-	2,376,162	29,844
Total public works	2,708,063	-	-	2,708,063	349,988
Parks and recreation:					
Current operations					
Salaries and benefits	-	151,402	-	151,402	146,830
Services and supplies	-	193,798	-	193,798	108,289
Capital outlay	-	72,803	-	72,803	52,756
Total parks and recreation	-	418,003	-	418,003	307,875
Total Expenditures	3,106,556	418,003	-	3,524,559	1,031,932
Excess of Revenues Over Expenditures	(658,364)	(413,528)	5,346	(1,066,546)	1,445,299
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(250,000)	250,000	-	-	-
Net Changes in Fund Balances	(908,364)	(163,528)	5,346	(1,066,546)	1,445,299
FUND BALANCES, July 1	6,343,398	692,767	33,550	7,069,715	5,624,416
FUND BALANCES, June 30	\$ 5,435,034	\$ 529,239	\$ 38,896	\$ 6,003,169	\$ 7,069,715

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (1,066,546)

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

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

Expenditures for capital assets	\$ 2,371,981	
Less: Current year depreciation expense	<u>(501,072)</u>	
		1,870,909

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in unavailable revenues - property taxes		10,528
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Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits is reported as pension expense.

Difference between District pension contributions and pension expense		<u>1,876</u>
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Change in Net Position of Governmental Activities	\$	<u><u>816,767</u></u>
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See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
REVENUES				
Ad valorem taxes	\$ 1,257,184	\$ 1,245,268	\$ (11,916)	\$ 1,178,570
Consolidated taxes	1,169,410	1,170,063	653	1,129,670
Interest and miscellaneous income	20,000	32,861	12,861	123,943
Total Revenues	2,446,594	2,448,192	1,598	2,432,183
EXPENDITURES				
General government:				
Executive				
Salaries and benefits	55,000	57,502	(2,502)	53,929
Finance				
Salaries and benefits	225,000	149,526	75,474	150,627
Services and supplies	145,000	191,465	(46,465)	169,513
Capital outlay	50,000	-	50,000	-
Total finance expenditures	420,000	340,991	79,009	320,140
Total general government expenditures	475,000	398,493	76,507	374,069
Public works:				
Highway and streets				
Salaries and benefits	175,000	184,426	(9,426)	190,170
Services and supplies	100,000	71,319	28,681	56,217
Capital outlay	1,500,000	2,376,162	(876,162)	29,844
Total highways and streets expenditures	1,775,000	2,631,907	(856,907)	276,231
Engineering				
Services and supplies	50,000	76,156	(26,156)	73,757
Total public works expenditures	1,825,000	2,708,063	(883,063)	349,988
Total Expenditures	2,300,000	3,106,556	(806,556)	724,057
Excess (Deficiency) of Revenues Over Expenditures	146,594	(658,364)	(804,958)	1,708,126
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(250,000)	(250,000)	-	(250,000)
Net Changes in Fund Balance	(103,406)	(908,364)	(804,958)	1,458,126
FUND BALANCE, July 1	4,594,004	6,343,398	1,749,394	4,885,272
FUND BALANCE, June 30	\$ 4,490,598	\$ 5,435,034	\$ 944,436	\$ 6,343,398

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

OPEN SPACE SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
REVENUES				
Interest income	\$ 5,000	\$ 4,475	\$ (525)	\$ 22,524
Capital grants	100,000	-	(100,000)	-
Total Revenues	105,000	4,475	(100,525)	22,524
EXPENDITURES				
Parks and recreation:				
Salaries and benefits	130,000	151,402	(21,402)	146,830
Services and supplies	80,000	193,798	(113,798)	108,289
Capital outlay	200,000	72,803	127,197	52,756
Total Expenditures	410,000	418,003	(8,003)	307,875
Excess (Deficiency) of Revenues Over Expenditures	(305,000)	(413,528)	(108,528)	(285,351)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	250,000	250,000	-	250,000
Net Changes in Fund Balance	(55,000)	(163,528)	(108,528)	(35,351)
FUND BALANCE, July 1	653,118	692,767	39,649	728,118
FUND BALANCE, June 30	\$ 598,118	\$ 529,239	\$ (68,879)	\$ 692,767

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	ENTERPRISE FUNDS		TOTAL PROPRIETARY FUNDS	
	WATER	SEWER	2025	2024
ASSETS				
Current Assets				
Cash and investments	\$ 2,512,298	\$ 2,824,286	\$ 5,336,584	\$ 7,043,460
Accounts receivable-user fees, net	213,439	94,825	308,264	314,048
Grants receivable	614,817	-	614,817	-
Inventory	24,110	-	24,110	24,110
Prepaid expenses and other current assets	-	-	-	4,456
Restricted cash and investments - current	323,660	-	323,660	410,153
Total current assets	3,688,324	2,919,111	6,607,435	7,796,227
Capital Assets				
Construction in progress	7,514,563	427,543	7,942,106	5,966,049
Water rights	1,785,210	-	1,785,210	1,785,210
Sewer capacity rights	-	8,228,393	8,228,393	7,712,141
Utility plant in service	27,533,967	8,548,394	36,082,361	35,349,826
Less: accumulated depreciation	(15,956,587)	(5,460,335)	(21,416,922)	(20,206,127)
Net capital assets	20,877,153	11,743,995	32,621,148	30,607,099
Other Assets				
Restricted cash and investments - noncurrent	-	-	-	499,044
Total Assets	24,565,477	14,663,106	39,228,583	38,902,370
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	165,163	122,541	287,704	222,459
Total Assets and Deferred Outflows of Resources	24,730,640	14,785,647	39,516,287	39,124,829
LIABILITIES				
Current Liabilities				
Accounts payable	276,105	517,421	793,526	1,895,005
Accrued liabilities	47,880	31,168	79,048	98,234
Customer deposits	69,104	-	69,104	71,154
Bonds payable - current portion	224,000	-	224,000	305,560
Total current liabilities	617,089	548,589	1,165,678	2,369,953

Continued on next page.

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	ENTERPRISE FUNDS		TOTAL PROPRIETARY FUNDS	
	WATER	SEWER	2025	2024
Noncurrent Liabilities				
Bonds payable	\$ 4,335,999	\$ -	\$ 4,335,999	\$ 4,559,999
Net pension liability	417,716	309,918	727,634	706,924
Total noncurrent liabilities	4,753,715	309,918	5,063,633	5,266,923
Total Liabilities	5,370,804	858,507	6,229,311	7,636,876
 DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	53,141	39,426	92,567	50,235
Total Liabilities and Deferred Inflows of Resources	5,423,945	897,933	6,321,878	7,687,111
 NET POSITION				
Net investment in capital assets	16,317,154	11,743,995	28,061,149	25,210,899
Restricted for:				
Future water infrastructure	283,761	-	283,761	97,482
Debt service	323,660	-	323,660	410,153
Unrestricted	2,382,120	2,143,719	4,525,839	5,719,184
Total Net Position	\$ 19,306,695	\$ 13,887,714	\$ 33,194,409	\$ 31,437,718

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ENTERPRISE FUNDS		TOTAL PROPRIETARY FUNDS	
	WATER	SEWER	2025	2024
OPERATING REVENUES				
Charges for services	\$ 1,750,870	\$ 1,214,458	\$ 2,965,328	\$ 2,935,408
Total operating revenues	1,750,870	1,214,458	2,965,328	2,935,408
OPERATING EXPENSES				
Salaries and benefits	342,187	277,573	619,760	612,900
Utilities	272,174	7,255	279,429	235,937
Supplies	106,528	25,923	132,451	215,179
Repairs and maintenance	65,946	140,487	206,433	217,890
Sewer treatment	-	1,241,033	1,241,033	1,456,417
Professional fees	141,098	79,145	220,243	286,822
Insurance	18,990	18,990	37,980	69,790
Depreciation	1,033,927	176,868	1,210,795	1,025,343
Total operating expenses	1,980,850	1,967,274	3,948,124	4,120,278
Operating Income (Loss)	(229,980)	(752,816)	(982,796)	(1,184,870)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	199,438	251,735	451,173	555,481
Interest expense	(88,864)	-	(88,864)	(114,108)
Other income (expense)	-	13,745	13,745	56,379
Total non-operating revenues (expenses)	110,574	265,480	376,054	497,752
Income (Loss) Before Contributions	(119,406)	(487,336)	(606,742)	(687,118)
CONTRIBUTIONS AND TRANSFERS				
Connection fees	79,200	88,200	167,400	202,800
Capital grants	2,118,375	-	2,118,375	-
Special assessment fees - future infrastructure	77,658	-	77,658	73,155
Total contributions and transfers	2,275,233	88,200	2,363,433	275,955
Change in Net Position	2,155,827	(399,136)	1,756,691	(411,163)
NET POSITION, July 1,	17,150,868	14,286,850	31,437,718	31,848,881
NET POSITION, June 30	\$ 19,306,695	\$ 13,887,714	\$ 33,194,409	\$ 31,437,718

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ENTERPRISE FUNDS		TOTAL PROPRIETARY FUNDS	
	WATER	SEWER	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,753,830	\$ 1,215,232	\$ 2,969,062	\$ 2,899,760
Payments to suppliers for goods and services	(859,272)	(2,364,148)	(3,223,420)	(1,853,748)
Payments to employees for services	(347,322)	(278,512)	(625,834)	(589,981)
Miscellaneous cash receipts (expenses)	-	13,745	13,745	56,379
Repayment of interfund loans	-	-	-	(71,135)
Net cash provided (used) by operating activities	547,236	(1,413,683)	(866,447)	441,275
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,976,057)	(1,239,544)	(3,215,601)	(6,218,640)
Principal paid on revenue bonds	(305,560)	-	(305,560)	(369,911)
Interest paid on revenue bonds	(104,594)	-	(104,594)	(114,108)
Receipt of capital grants	1,503,558	-	1,503,558	-
Connection and special assessment fees	156,858	88,200	245,058	275,955
Net cash provided (used) by capital and related financing activities	(725,795)	(1,151,344)	(1,877,139)	(6,426,704)
 CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	199,438	251,735	451,173	555,481
Net Change in Cash and Cash Equivalents	20,879	(2,313,292)	(2,292,413)	(5,429,948)
CASH AND CASH EQUIVALENTS, July 1	2,815,079	5,137,578	7,952,657	13,382,605
CASH AND CASH EQUIVALENTS, June 30	\$ 2,835,958	\$ 2,824,286	\$ 5,660,244	\$ 7,952,657

Continued on next page.

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ENTERPRISE FUNDS		TOTAL PROPRIETARY FUNDS	
	WATER	SEWER	2025	2024
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATIONS				
Operating income (loss)	\$ (229,980)	\$ (752,816)	\$ (982,796)	\$ (1,184,870)
Adjustments to reconcile operating income (loss)				
to net cash provided (used) by operations:				
Depreciation	1,033,927	176,868	1,210,795	1,025,343
Miscellaneous cash receipts (expenses)	-	13,745	13,745	56,379
Changes in				
Accounts receivable	5,010	774	5,784	(31,598)
Prepaid expenses	-	4,456	4,456	55,519
Accounts payable	(254,536)	(856,186)	(1,110,722)	572,768
Customer deposits	(2,050)	-	(2,050)	(4,050)
Accrued liabilities	(3,871)	415	(3,456)	23,442
Pension related amounts	(1,264)	(939)	(2,203)	(523)
Due to other funds	-	-	-	(71,135)
Net cash provided (used) by operations	\$ 547,236	\$ (1,413,683)	\$ (866,447)	\$ 441,275

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

The District is governed by an elected Board of Trustees and provides water service, sewer service, and park and street maintenance to the District. The District is located in Douglas County, Nevada and operates under Nevada Revised Statute ("NRS") 318. As required by GAAP, the accompanying financial statements include the accounts of all District operations. The District is not financially accountable for any other entity.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's parks, public works, and general administrative services are classified as governmental activities. The District's water and sewer services are classified as business-type activities.

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund activities relating to services provided and used between the District's business-type activities and other District functions are not eliminated. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions (general government, public works and parks and recreation) and business-type activities. The functions are also supported by general government revenues (ad valorem taxes, consolidated taxes (principally sales and use taxes)), and interest earnings. The Statement of Activities reduces gross

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

expenses (including depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function or business-type activity.

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

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. District resources are allocated to and accounted for in the individual funds based upon the purposes for which they are intended and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds and proprietary funds.

The following fund types are used by the District:

Governmental Funds: The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund: The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Open Space Special Revenue Fund: This fund is used to account for the proceeds of specific revenue sources that are to be used in the construction and maintenance of parks and recreational areas within the District. The fund periodically receives capital grants; though annually it is budgeted to receive a transfer of cash from the General Fund out of operating resources.

Capital Projects Fund: This fund is used to account for financial resources (interest income) that are restricted for capital acquisition or construction. The District uses this fund primarily for new wells and improvements to the water systems.

Proprietary Funds: The focus for proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and expenses result from nonexchange transactions or ancillary services. The applicable generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Enterprise funds: These funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The District includes two enterprise funds, the Water Enterprise Fund to account for its water services and the Sewer Enterprise Fund to account for its sewer services.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The General Fund and the Water and Sewer Enterprise Funds are major funds of the District. The District electively added additional governmental funds, as major funds, which had specific community focus (Open Space Special Revenue and Capital Projects Funds).

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide statements, as well as the proprietary fund financial statements, are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

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

Ad valorem taxes, consolidated taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other items are considered to be measurable and available only when the District receives cash.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Expenditures are generally recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, pension and other postemployment benefits are recorded only when the payment is due.

Budgets and Budgetary Accounting

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

1. Prior to April 15, the District manager submits to the State of Nevada Department of Taxation a tentative budget for the fiscal year commencing the following July 1.
2. A public hearing to obtain taxpayer comments on the tentative budget must be held not sooner than the third Monday in May and not later than the last day in May.
3. On or before June 1, the budget is legally adopted by a majority vote of the Board of Trustees.
4. The Board of Trustees may augment the appropriations by a majority vote of the Board. Prior public notice must be filed in any fund receiving ad valorem taxes. No budget augmentations were made during the fiscal year.
5. The District Manager is authorized to transfer appropriations between and within accounts, departments and funds if amounts do not exceed the approved budget, subject to subsequent approval by the Board of Trustees.
6. Budgeted appropriations may not be exceeded by actual expenditures of the various functions (excluding the debt service function) in the budgeted governmental funds. The sum of operating and non-operating expenses in the proprietary funds also may not exceed appropriations.
7. Budgets are adopted for all governmental and proprietary funds. All budgets are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash invested in the State of Nevada Local Government Investment Pool (LGIP). All amounts are considered available on demand and are, therefore, classified as cash and cash equivalents on the Statements of Cash Flows. The District's investment in the LGIP is reported at fair value.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Ad valorem taxes; specifically real property taxes result in a lien on the property and attach on July 1 (the levy date) of the year for which taxes are levied. Taxes are paid in four equal installments in August, October, January and March, to the Treasurer of Douglas County in which the District is located; and are considered delinquent if not paid within ten days of the due dates. After a two year waiting period of taxpayer nonpayment, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before tax sale. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years (two years), and current taxes collected within 60 days of year end. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to the remaining balances.

The District estimates an allowance for uncollectible water and sewer customer accounts based on historical collection data that is available and on evaluation of the collectability of the outstanding accounts receivable.

Inventories and Prepaids

Inventory in the Water Enterprise Fund is valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds in the fund financial statements are considered consumable supplies, and as such are recorded as expenditures at the time of purchase.

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

Restricted Assets

Bond covenants and other third party restrictions require resources to be set aside for various purposes in the Capital Projects Fund and the Water Enterprise Fund. These amounts are reported as restricted assets.

Capital Assets

Capital assets, which include land, construction in progress, intangible assets (such as water rights and sewer capacity rights), buildings and improvements, equipment, vehicles and infrastructure are reported in the government-wide financial statements and proprietary fund financial statements. The District

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

defines capital assets as having an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their estimated acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30
Water and Sewer Systems	20-40
Machinery and Equipment	5-10
Improvements	10-20
Road/Park Infrastructure	10-50

As provided under GASB Statement No. 34, the District elected to not identify and record infrastructure of its governmental activities for years prior to 2002.

Long-Term Liabilities

Government-Wide and Proprietary Fund Financial Statements

Long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued as earned by employees to the extent it is likely that those benefits will be paid.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

Governmental Fund Type Financial Statements

A liability for compensated absences is reported in the governmental funds, primarily the General Fund, only if they have matured, as a result of employee resignations, terminations and retirements. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds is reported as other financing sources as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred outflows of resources. This financial statement element represents the consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reflects deferred outflows of resources in the Statement of Net Position for items related to pension benefits under the accrual basis of accounting.

In addition to liabilities, the Statement of Net Position/Governmental Funds Balance Sheet may report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reflects deferred inflows of resources which are unavailable revenue in the governmental funds balance sheet for revenues not received within 60 days of year end under the modified accrual basis of accounting. The District recognizes deferred inflows of resources related to pension benefits in the Statement of Net Position under the accrual basis of accounting.

Pension and Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by PERS.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, the District uses the alternative measurement method as detailed in Note 8.

Equity

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide and proprietary fund Statement of Net Position. Net position is classified in the following categories:

Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by any outstanding debt attributable to the acquisition, construction, or improvement of the capital assets.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Restricted net position – Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Non-spendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: prepaid amounts.

Restricted fund balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or rescinded only with the consent of resource providers.

Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the Board of Trustees of the District. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: a resolution.)

Assigned fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District Board of Trustees or (b) the District Manager. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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

The Board of Trustees adopted a minimum fund balance / net position policy for its General Fund, Water Enterprise Fund and Sewer Enterprise Fund. The policy requires the unassigned fund balance/unrestricted net position of these funds at fiscal year-end to be at least equal to the sum of 180 days revenues as operating reserves, 180 days revenues as emergency reserves, \$500,000 capital improvement reserves and debt financing reserve at 150% of the annual debt service.

Use of Estimates

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

Prior Year Information

The fund financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived. Certain amounts presented in the prior year data may be reclassified in order to be consistent with the current year's presentation.

NOTE 2 – COMPLIANCE WITH NEVADA REVISED STATUTES

The District conformed to all significant statutory constraints on its financial administration during the year, except for the following expenditures in excess of the budgetary appropriations:

<u>Fund</u>	<u>Program/ Function</u>	<u>Amount in Excess of Appropriation</u>
General	Public Works	\$ 883,063
Open Space	Parks and Recreation	8,003

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 3 – CASH AND INVESTMENTS

As of June 30, 2025, the District had the following amounts reported as cash and investments:

Cash on hand	\$	200
Cash in bank		1,892,755
Total cash		1,892,955
State of Nevada Local Government Invstmnt Pool (LGIP)		3,401,484
Moreton Capital Markets		6,172,808
Total	\$	11,467,247
Governmental activities		
Cash and investments	\$	5,768,107
Cash and investments - restricted		38,896
Business-type activities		
Cash and investments		5,336,584
Cash and investments - restricted		323,660
Total cash and investments	\$	11,467,247

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

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the District’s deposits may not be returned. The District’s bank balances were covered by the Federal Depository Insurance Corporation and by collateral from financial institutions, and were not exposed to custodial credit risk.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. In accordance with the Nevada Revised Statutes, the District limits its investment instruments by their credit risk. The LGIP is an unrated external investment pool.

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers’ acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The average duration of the LGIP was 113 days.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

The District is a voluntary participant in the LGIP, which has regulatory oversight from the State of Nevada Board of Finance. The District's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares.

The District has investments with Moreton Capital Markets (advisors) and RBC Capital Markets, LLC (custodians). The investments are in U.S. Treasury Bills, with maturities of one year or less. The fair value of the investments as of June 30, 2025 is \$6,172,808.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. The investment balances by level are as follows:

	Total	Fair Value Measurements Using		
		Level 1 inputs	Level 2 inputs	Level 3 inputs
Moreton Investments	\$ 6,172,808	\$ 6,172,808	\$ -	\$ -
LGIP	3,401,484	1,356,172	2,045,074	-
Total	<u>\$ 9,574,292</u>	<u>\$ 7,528,980</u>	<u>\$ 2,045,074</u>	<u>\$ -</u>

NOTE 4 – RESTRICTED CASH AND INVESTMENTS

The District's Water Enterprise Fund is required to set aside monies equal to its annual debt service, as well as an amount equal to the lesser of 10% of the maximum principal amount of the bond, the average annual debt service of the bond, or the maximum annual debt service on the bond. The restricted cash can only be used to make bond payments if the bond payments are deficient. Restricted cash and investments as of June 30, 2025 is as follows:

	Governmental Capital Projects Fund	Business-Type Water Enterprise Fund	Total
Future capital project expenditures	\$ 38,896	\$ -	\$ 38,896
Next bond payment	-	410,153	410,153
Total Restricted Cash and Investments	<u>\$ 38,896</u>	<u>\$ 410,153</u>	<u>\$ 449,049</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS

A summary of changes in the governmental capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated:				
Land and improvements	\$ 182,025	\$ -	\$ -	\$ 182,025
Other capital assets:				
Building and improvements	397,622	-	-	397,622
Equipment	775,285	12,577	-	787,862
Road network	10,028,106	2,359,404	-	12,387,510
Parks	1,563,614	-	-	1,563,614
Trucks	286,436	-	-	286,436
Total other capital assets, cost	13,051,063	2,371,981	-	15,423,044
Less accumulated depreciation for:				
Building and improvements	(360,577)	(6,158)	-	(366,735)
Equipment	(642,284)	(21,937)	-	(664,221)
Road network	(4,484,550)	(370,110)	-	(4,854,660)
Parks	(1,172,746)	(93,513)	-	(1,266,259)
Trucks	(270,309)	(9,354)	-	(279,663)
Total accumulated depreciation	(6,930,466)	(501,072)	-	(7,431,538)
Other capital assets, net	6,120,597	1,870,909	-	7,991,506
Governmental activities net investment in capital assets	\$ 6,302,622	\$ 1,870,909	\$ -	\$ 8,173,531

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

A summary of changes in the business-type activities capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2025
Business-type activities				
Capital assets not being depreciated:				
Land and improvements	\$ 65,854	\$ -	\$ -	\$ 65,854
Water rights	1,784,700	-	-	1,784,700
Sewer capacity rights	7,712,141	516,252	-	8,228,393
Construction in progress	5,539,072	1,620,842	(5,538,508)	1,621,406
Total capital assets, not being depreciated	15,101,767	2,137,094	(5,538,508)	11,700,353
Other capital assets:				
Distribution and collecting systems	32,347,766	6,612,451	-	38,960,217
Buildings and equipment	3,363,693	13,807	-	3,377,500
Total other capital assets, cost	35,711,459	6,626,258	-	42,337,717
Less accumulated depreciation for:				
Distribution and collecting systems	(17,839,268)	(1,030,650)	-	(18,869,918)
Building and equipment	(2,366,859)	(180,145)	-	(2,547,004)
Total accumulated depreciation	(20,206,127)	(1,210,795)	-	(21,416,922)
Other capital assets, net	15,505,332	5,415,463	-	20,920,795
Business-type activities net investment in capital assets	\$ 30,607,099	\$ 7,552,557	\$ (5,538,508)	\$ 32,621,148

Depreciation expense was allocated to the following programs/functions:

Governmental activities

General government	\$ 6,781
Public works	394,931
Parks and recreation	99,360
Total governmental activities depreciation expense	\$ 501,072

Business-type activities

Water	\$ 1,033,927
Sewer	176,868
Total business-type activities depreciation expense	\$ 1,210,795

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 6 – LONG-TERM OBLIGATIONS

Long Term Debt

The District’s long-term debt obligation at June 30, 2025 is as follows:

	Issue Date	Interest Rate	Final Maturity Date	Authorized	Balance June 30, 2025
Business-type activities					
Water Revenue Bond, series 2021	10/27/2021	2.19%	10/1/2041	\$ 5,000,000	\$ 4,560,000

A summary of long-term debt service requirements to maturity follows. The requirements presented exclude the amortization of any bond premiums or discounts.

Fiscal Year Ending June 30,	Business-Type Activities Water Enterprise Fund		
	Principal	Interest	Total
	2026	\$ 224,000	\$ 97,411
2027	229,000	92,451	321,451
2028	234,000	87,381	321,381
2029	239,000	82,201	321,201
2030	244,000	76,913	320,913
2031-2042	3,390,000	464,787	3,854,787
	<u>\$ 4,560,000</u>	<u>\$ 901,144</u>	<u>\$ 5,461,144</u>

Changes in Long-Term Obligations

Changes in the District’s long-term obligations, including long-term debt and compensated absences during the year ended June 30, 2025 are as follows:

	Payable at July 1, 2024	Additions	Deletions	Payable at June 30, 2025	Principal Due in 2025-2026
Governmental activities					
Other long-term obligations					
Compensated absences	\$ 21,709		\$ -	\$ 21,709	\$ -
Business-type activities					
Water Revenue Bond, supported by					
Water Fund revenues	86,560	-	(86,560)	-	-
Water Revenue Bond, supported by					
Water Fund revenues	4,779,000	-	(219,000)	4,560,000	224,000
Total business-type long-term debt	<u>4,865,560</u>	<u>-</u>	<u>(305,560)</u>	<u>4,560,000</u>	<u>224,000</u>
Total long-term obligations	<u>\$ 4,887,269</u>	<u>\$ -</u>	<u>\$ (305,560)</u>	<u>\$ 4,581,709</u>	<u>\$ 224,000</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

For governmental activities, compensated absences are liquidated by those funds with salaries and related benefits; resulting in the majority of compensated absences being liquidated by the General Fund.

NOTE 7 – NEVADA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

Plan Description

The District contributes to the State of Nevada Public Employees Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the District. PERS provides retirement, disability, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at time of retirement and the member’s highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and on or after 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% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Regular members who entered the System on or after July 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

The normal ceiling limitation on monthly benefit 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. Members become fully vested as to benefits upon completion of five years of service.

Contributions

Contribution provisions are specified by state statute and may be amended only by action of the State legislature. Contribution rates are based on biennial actuarial valuations and are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. 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. The District contributes under the employer-pay option (EPC).

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 required EPC rate was 33.50% for the years ended June 30, 2025 and 2024, respectively. The District's contributions were \$234,778 and \$214,492 for the years ended June 30, 2025 and 2024, respectively.

PERS 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's adopted policy target asset allocation as of June 30, 2025:

Asset Class	Target Allocation	Long-Term
		Geometric Expected Real Rate of Return
U.S. Stocks	34%	5.50%
International Stocks	14%	5.50%
U.S. Bonds	28%	2.25%
Private Markets	12%	6.65%
Short-term investments	12%	0.50%
	<u>100%</u>	

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Net Pension Liability

At June 30, 2025, the District reported a liability of \$1,347,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 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 was based on the District's share of contributions in the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2024, the District's proportion of the regular plan was .00746%, compared to .00717% in the previous measurement year, an increase of .00029.

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

The following presents the net pension liability of the District calculated using the discount rate of 7.25%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.25%) or 1.00 percentage point higher (8.25%) than the current discount rate of 7.25%.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 2,166,896	\$ 1,347,471	\$ 671,436

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Comprehensive Annual Financial Report, available on the NVPERS website.

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2024, 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:

Investment rate of return	7.25% per year.
Salary increases	4.20% to 9.10% depending on service.
Inflation rate	2.50% per year.
Productivity pay increase	0.50%
Other assumptions	Same as those used in the June 30, 2024 funding actuarial valuation.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed 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 that 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 for 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, 2024.

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

For the year ended June 30, 2025 the District recognized pension expense of \$113,310. As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 285,861	\$ -
Changes in assumptions	86,947	-
Net difference between projected and actual earnings		
on pension plan assets	-	132,743
Changes in proportion	42,589	38,677
The District's contributions subsequent to the measurement date	117,389	-
	<u>\$ 532,786</u>	<u>\$ 171,420</u>

Deferred outflows of resources of \$117,389 resulted from the District's contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Years Ending June 30	Amount
2026	\$ 21,441
2027	170,708
2028	16,786
2029	8,577
2030	26,465
	<u>\$ 243,977</u>

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2019 (the beginning of the measurement period ended June 30, 2020) is 5.70 years.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description, Benefits Provided and Contributions

The District administers a single-employer defined benefit OPEB plan (plan) as defined in GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The plan provides a health insurance benefit for one individual, a previous District Manager (retiree) upon his retirement date of December 4, 2017 for an amount not to exceed \$564 per month. Benefit shall continue for the duration of the retiree's life. The benefit is intended to be for the cost of the retiree's Medicare health insurance and supplemental health insurance and is a pay-as-you-go plan, paid monthly directly to the retiree as a reimbursement of cost incurred. Benefit provisions and contribution requirements were established through a revised employment agreement between the District and the retiree dated June 5, 2008. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75. The plan has no requirement to and therefore does not issue a publicly available financial report.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the District's total OPEB liability of \$87,247 was measured as of June 30, 2024. The District has elected to use the alternative measurement method permitted by GASB No. 75 for employers in plans with fewer than one hundred total plan members. For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$6,378 and reported no deferred outflows or inflows of resources related to OPEB.

Assumptions

As of the measurement date of June 30, 2025, the obligation is expected to extend 14 years based on the life expectancy calculator on the Social Security Administration website, which are primarily based upon gender and date of birth.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

The discount rate used to measure the total OPEB liability was 3.62%. This is the long-term adjusted AFR rate as of June 30, 2025. Considering that the District is using a pay-as-you-go funding approach and there are no assets in a trust, this rate was determined to reflect District's long-term earnings rate on general investments. The rate reflects no change from the long-term adjusted AFR rate that was used to determine the net OPEB liability as of the previous measurement date of June 30, 2024.

The OPEB obligation does not reflect a healthcare cost trend rate assumption as the maximum benefit is capped at \$564 per month with no applicable adjustments.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1% lower or 1% higher.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net OPEB liability	\$ 94,310	\$ 87,247	\$ 77,115

Change in Net OPEB Liability

The following table depicts the District's changes in the net OPEB liability for the year ended June 30, 2025:

	Net OPEB Liability
Balance, July 1, 2024	\$ 87,247
Changes for the year:	
Benefit payments	(6,378)
Changes in assumptions	6,378
Balance, June 30, 2025	\$ 87,247

NOTE 9 – DEFERRED COMPENSATION PLAN

The District is a participating employer in the Nevada Public Employees Deferred Compensation Plan, a deferred compensation plan established in accordance with Section 457 of the Internal Revenue Code. As such, District employees may elect to participate in the plan and defer a portion of their salary until future years. Participation in the plan is optional. Early distribution of deferred compensation is not available without penalty to employees except under limited circumstances specified in the Internal Revenue Code. Investments are selected by the Nevada Deferred Compensation Committee (Committee), and limited primarily to mutual funds or other available investment products that the Committee determines as an option for the plan.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – INTERFUND TRANSFERS

Interfund Transfers

Interfund transfers are shown as other financing sources (uses) in all funds other than the proprietary funds, where they are shown as operating transfers. During the year ended June 30, 2025, the General Fund transferred \$250,000 to the Open Space Special Revenue Fund, to fund its expenditures the fiscal year.

NOTE 11 – FUND EQUITY

A summary of the District’s fund balances as of June 30, 2025 is as follows:

	General Fund	Open Space Special Revenue	Capital Projects Fund	Total Governmental Funds
Restricted				
Capital projects	\$ -	\$ -	\$ 38,896	\$ 38,896
Assigned				
Parks and recreation	-	529,239	-	529,239
Unassigned	5,435,034	-	-	5,435,034
Total	\$5,435,034	\$ 529,239	\$ 38,896	\$ 6,003,169

As mentioned in Note 1, the District has implemented a minimum reserves policy for its unassigned fund balance in the General Fund and unrestricted net position in the Water Enterprise Fund and Sewer Enterprise Fund. Following are the minimum reserve amounts as of June 30, 2025:

	General Fund	Water Enterprise Fund	Sewer Enterprise Fund
180 Days Operating reserve	\$1,224,096	\$ 875,435	\$ 607,729
180 Days Emergency reserve	1,224,096	875,435	607,729
CIP Reserves	500,000	500,000	500,000
150% Annual Debt Service reserve	-	485,490	-
Total Minimum Reserves	\$2,948,192	\$2,736,360	\$ 1,715,458
Unassigned Fund Balance /	\$5,435,034	\$ -	\$ -
Net Position, less net investment in capital assets	\$ -	\$2,989,541	\$ 2,143,719

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Risk Management

The District, like all governmental entities, 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 has joined together with similar public agencies (cities, counties, and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide coverage as indicated below and obtains independent coverage for insured events in excess of these limits.

The deductible amount for the District for each incident as of June 30, 2025 is \$25,000 for property damages and \$2,500 for all other incidents. The Pool covers its members up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. Property crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities.

Cyber security coverage is provided to its members up to \$3,000,000 per insured event with a \$3,000,000 up to \$15,000,000 annual aggregate for all Pool members, combined. There are various sub-limits established for security failure/privacy event management, network interruption and proof of loss preparation costs.

Site pollution incident coverage is also provided up to a \$2,000,000 legal liability limit per incident with a \$10,000,000 policy aggregate.

The District continues to carry commercial insurance for other risks of loss, including workers' compensation, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NPL
 (NET PENSION LIABILITY)
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
 LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020
District's proportion of the Net Pension Liability	0.00746%	0.00717%	0.00707%	0.00743%	0.00743%
District's proportionate share of the Net Pension Liability	\$ 1,347,471	\$ 1,309,119	\$ 1,276,493	\$ 677,911	\$ 1,034,769
District's covered employee payroll	\$ 670,795	\$ 649,754	\$ 542,847	\$ 552,039	\$ 554,651
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	200.88%	201.48%	235.15%	122.80%	186.56%
Plan fiduciary net position as a percentage of the Total Pension Liability	78.11%	76.16%	75.12%	86.51%	77.04%
	2019	2018	2017	2016	2015
District's proportion of the Net Pension Liability	0.00795%	0.00896%	0.00917%	0.00917%	0.00898%
District's proportionate share of the Net Pension Liability	\$ 1,084,259	\$ 1,221,341	\$ 1,219,845	\$ 1,234,518	\$ 1,028,950
District's covered employee payroll	\$ 521,393	\$ 595,921	\$ 584,105	\$ 564,442	\$ 540,216
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	207.95%	204.95%	208.84%	218.71%	190.47%
Plan fiduciary net position as a percentage of the Total Pension Liability	76.50%	75.20%	74.40%	72.20%	75.10%

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS

	Determined for the Year Ended June 30,				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 234,778	\$ 214,492	\$ 167,243	\$ 155,739	\$ 155,535
Contributions in relation to the statutorily required contribution	<u>234,778</u>	<u>214,492</u>	<u>167,243</u>	<u>155,739</u>	<u>155,535</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 670,795	\$ 649,754	\$ 571,771	\$ 552,039	\$ 554,651
Contributions as a percentage of covered employee payroll	35.00%	33.01%	29.25%	28.21%	28.04%

	Determined for the Year Ended June 30,				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 154,843	\$ 153,091	\$ 164,875	\$ 163,952	\$ 155,559
Contributions in relation to the statutorily required contribution	<u>154,843</u>	<u>153,091</u>	<u>164,875</u>	<u>163,952</u>	<u>155,559</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 521,393	\$ 595,921	\$ 584,105	\$ 564,442	\$ 540,216
Contributions as a percentage of covered employee payroll	29.70%	25.69%	28.23%	29.05%	28.80%

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability										
Plan implementation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefit payments	(6,378)	(6,378)	(6,290)	(5,976)	(5,975)	(6,280)	(6,194)	(2,816)	-	-
Change in assumptions	6,378	6,378	1,880	1,566	(2,796)	13,405	3,423	(2,309)	119	3,210
Net change in total OPEB liability	-	-	(4,410)	(4,410)	(8,771)	7,125	(2,771)	(5,125)	119	3,210
Total OPEB Liability - beginning	87,247	87,247	91,657	96,067	104,838	97,713	100,484	105,609	105,490	102,280
Total OPEB Liability - ending	<u>\$ 87,247</u>	<u>\$ 87,247</u>	<u>\$ 87,247</u>	<u>\$ 91,657</u>	<u>\$ 96,067</u>	<u>\$ 104,838</u>	<u>\$ 97,713</u>	<u>\$ 100,484</u>	<u>\$ 105,609</u>	<u>\$ 105,490</u>

Notes to Schedule:

Covered-employee payroll

There is no covered employee payroll related to this defined benefit OPEB plan.

Change in assumptions

Changes in assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used:

2025	3.62%	2020	0.77%
2024	3.62%	2019	2.09%
2023	2.36%	2018	2.31%
2022	2.36%	2017	1.99%
2021	1.58%	2016	2.15%

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

GENERAL FUND BALANCE SHEET JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	2025	2024
ASSETS		
Cash and investments	\$ 5,215,106	\$ 6,150,045
Taxes receivable, ad valorem	16,156	370
Taxes receivable, consolidated	254,424	207,661
Prepaid expenditures	-	16,773
	\$ 5,485,686	\$ 6,374,849
LIABILITIES		
Accounts payable	\$ 14,326	5,394
Accrued payroll	25,798	26,057
	40,124	31,451
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes	10,528	-
FUND BALANCES		
Nonspendable	-	16,773
Assigned	-	103,406
Unassigned	5,435,034	6,223,219
	5,435,034	6,343,398
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,485,686	\$ 6,374,849

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

OPEN SPACE SPECIAL REVENUE FUND

BALANCE SHEET

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and investments	\$ 553,001	\$ 707,349
Total Assets	<u>\$ 553,001</u>	<u>\$ 707,349</u>
LIABILITIES		
Accounts payable	\$ 15,181	\$ 6,314
Accrued payroll	8,581	8,268
Total Liabilities	23,762	14,582
FUND BALANCES		
Assigned	529,239	692,767
Total Liabilities and Fund Balances	<u>\$ 553,001</u>	<u>\$ 707,349</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

CAPITAL PROJECTS FUND

BALANCE SHEET

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Restricted cash and investments	\$ 38,896	\$ 33,550
Total Assets	<u>\$ 38,896</u>	<u>\$ 33,550</u>
FUND BALANCES		
Restricted	\$ 38,896	\$ 33,550
Total Liabilities and Fund Balances	<u>\$ 38,896</u>	<u>\$ 33,550</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2025
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
REVENUES				
Interest income	\$ 1,000	\$ 5,346	\$ 4,346	\$ 22,524
Total Revenues	<u>1,000</u>	<u>5,346</u>	<u>4,346</u>	<u>22,524</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,000</u>	<u>5,346</u>	<u>4,346</u>	<u>22,524</u>
Net Changes in Fund Balance	1,000	5,346	4,346	22,524
FUND BALANCE, July 1	<u>12,026</u>	<u>33,550</u>	<u>21,524</u>	<u>11,026</u>
FUND BALANCE, June 30	<u>\$ 13,026</u>	<u>\$ 38,896</u>	<u>\$ 25,870</u>	<u>\$ 33,550</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

WATER ENTERPRISE FUND STATEMENT OF NET POSITION JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and investments	\$ 2,512,298	\$ 1,905,882
Accounts receivable-user fees, net	213,439	218,449
Grants receivable	614,817	-
Inventory	24,110	24,110
Restricted cash and investments - current	323,660	410,153
Total current assets	<u>3,688,324</u>	<u>2,558,594</u>
Capital Assets		
Construction in progress	7,514,563	5,538,506
Water rights	1,785,210	1,785,210
Utility plant in service	27,533,967	27,533,967
Less: accumulated depreciation	<u>(15,956,587)</u>	<u>(14,922,660)</u>
Net capital assets	<u>20,877,153</u>	<u>19,935,023</u>
Other Assets		
Restricted cash and investments - noncurrent	-	499,044
Total Assets	<u>24,565,477</u>	<u>22,992,661</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	165,163	127,708
Total Assets and Deferred Outflows of Resources	<u>24,730,640</u>	<u>23,120,369</u>
LIABILITIES		
Current Liabilities		
Accounts payable	276,105	530,641
Accrued liabilities	47,880	67,481
Customer deposits	69,104	71,154
Bonds payable - current portion	224,000	305,560
Total current liabilities	<u>617,089</u>	<u>974,836</u>
Noncurrent Liabilities		
Bonds payable	4,335,999	4,559,999
Net pension liability	417,716	405,827
Total noncurrent liabilities	<u>4,753,715</u>	<u>4,965,826</u>
Total Liabilities	<u>5,370,804</u>	<u>5,940,662</u>

Continued on next page.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

WATER ENTERPRISE FUND STATEMENT OF NET POSITION JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	\$ 53,141	\$ 28,839
Total Liabilities and Deferred Inflows of Resources	<u>5,423,945</u>	<u>5,969,501</u>
NET POSITION		
Net investment in capital assets	16,317,154	14,538,823
Restricted for:		
Future water infrastructure	283,761	97,482
Debt service	323,660	410,153
Unrestricted	<u>2,382,120</u>	<u>2,104,410</u>
Total Net Position	<u>\$ 19,306,695</u>	<u>\$ 17,150,868</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

WATER ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
OPERATING REVENUES				
Charges for services	\$ 1,700,000	\$ 1,750,870	\$ 50,870	\$ 1,731,460
OPERATING EXPENSES				
Salaries and benefits	350,000	342,187	7,813	339,283
Utilities	200,000	272,174	(72,174)	228,373
Supplies	2,600,000	106,528	2,493,472	100,851
Repairs and maintenance	250,000	65,946	184,054	124,768
Professional fees	600,000	141,098	458,902	202,731
Insurance	8,000	18,990	(10,990)	34,895
Depreciation	700,000	1,033,927	(333,927)	924,429
Total operating expenses	4,708,000	1,980,850	2,727,150	1,955,330
Operating Income (Loss)	(3,008,000)	(229,980)	2,778,020	(223,870)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	15,000	199,438	184,438	321,916
Interest expense	(147,000)	(88,864)	58,136	(114,108)
Total non-operating revenues (expenses)	(132,000)	110,574	242,574	207,808
Income (Loss) Before Contributions	(3,140,000)	(119,406)	3,020,594	(16,062)
CONTRIBUTIONS AND TRANSFERS				
Connection fees	50,000	79,200	29,200	95,700
Capital grants	2,500,000	2,118,375	(381,625)	-
Special assessment fees - future infrastructure	75,000	77,658	2,658	73,155
Total contributions	2,625,000	2,275,233	(349,767)	168,855
Change in Net Position	\$ (515,000)	2,155,827	\$ 2,670,827	152,793
NET POSITION, July 1,		17,150,868		16,998,075
NET POSITION, June 30		\$ 19,306,695		\$ 17,150,868

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

WATER ENTERPRISE FUND
 SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2025
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,700,000	\$ 1,753,830	\$ 53,830	\$ 1,694,181
Payments to suppliers for goods and services	(1,158,000)	(859,272)	298,728	(731,494)
Payments to employees for services	(350,000)	(347,322)	2,678	(326,634)
Miscellaneous cash receipts (payments)	50,000	-	(50,000)	-
Repayment of interfund receivable	-	-	-	39,179
Net cash provided (used) by operating activities	242,000	547,236	305,236	675,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,000,000)	(1,976,057)	23,943	(5,051,799)
Principal paid on revenue bonds	(350,000)	(305,560)	44,440	(369,911)
Interest paid on revenue bonds	(150,000)	(104,594)	45,406	(114,108)
Receipt of capital grants	-	1,503,558	1,503,558	-
Connection and special assessment fees	75,000	156,858	81,858	168,855
Net cash provided (used) by capital and related financing activities	(2,425,000)	(725,795)	1,699,205	(5,366,963)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	15,000	199,438	184,438	321,916
Net Change in Cash and Cash Equivalents	(2,168,000)	20,879	2,188,879	(4,369,815)
CASH AND CASH EQUIVALENTS, July 1	616,924	2,815,079	2,198,155	7,184,894
CASH AND CASH EQUIVALENTS, June 30	\$ (1,551,076)	\$ 2,835,958	\$ 4,387,034	\$ 2,815,079

Continued on next page.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

WATER ENTERPRISE FUND
 SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2025
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS				
Operating income (loss)		\$ (229,980)		\$ (223,870)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:				
Depreciation		1,033,927		924,429
Changes in				
Accounts receivable-user fees		5,010		(33,229)
Due from other funds		-		39,179
Prepaid expenses		-		35,048
Accounts payable		(254,536)		(74,924)
Customer deposits		(2,050)		(4,050)
Accrued liabilities		(3,871)		12,949
Pension related amounts		(1,264)		(300)
Net cash provided (used) by operations		\$ 547,236		\$ 675,232

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

SEWER ENTERPRISE FUND STATEMENT OF NET POSITION JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and investments	\$ 2,824,286	\$ 5,137,578
Accounts receivable-user fees, net	94,825	95,599
Prepaid expenses and other current assets	-	4,456
Total current assets	<u>2,919,111</u>	<u>5,237,633</u>
Capital Assets		
Construction in progress	427,543	427,543
Sewer capacity rights	8,228,393	7,712,141
Utility plant in service	8,548,394	7,815,859
Less: accumulated depreciation	<u>(5,460,335)</u>	<u>(5,283,467)</u>
Net capital assets	<u>11,743,995</u>	<u>10,672,076</u>
Total Assets	<u>14,663,106</u>	<u>15,909,709</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	122,541	94,751
Total Assets and Deferred Outflows of Resources	<u>14,785,647</u>	<u>16,004,460</u>
LIABILITIES		
Current Liabilities		
Accounts payable	517,421	1,364,364
Accrued liabilities	31,168	30,753
Total current liabilities	<u>548,589</u>	<u>1,395,117</u>
Noncurrent Liabilities		
Net pension liability	<u>309,918</u>	<u>301,097</u>
Total Liabilities	<u>858,507</u>	<u>1,696,214</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	39,426	21,396
Total Liabilities and Deferred Inflows of Resources	<u>897,933</u>	<u>1,717,610</u>
NET POSITION		
Net investment in capital assets	11,743,995	10,672,076
Unrestricted	<u>2,143,719</u>	<u>3,614,774</u>
Total Net Position	<u>\$ 13,887,714</u>	<u>\$ 14,286,850</u>

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

SEWER ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 NET POSITION - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2025
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
OPERATING REVENUES				
Charges for services	\$ 1,130,000	\$ 1,214,458	\$ 84,458	\$ 1,203,948
OPERATING EXPENSES				
Salaries and benefits	210,000	277,573	(67,573)	273,617
Utilities	10,000	7,255	2,745	7,564
Supplies	50,000	25,923	24,077	114,328
Repairs and maintenance	200,000	140,487	59,513	93,122
Sewer treatment	1,300,000	1,241,033	58,967	1,456,417
Professional fees	40,000	79,145	(39,145)	84,091
Insurance	20,000	18,990	1,010	34,895
Depreciation	345,000	176,868	168,132	100,914
Total operating expenses	2,175,000	1,967,274	207,726	2,164,948
Operating Income (Loss)	(1,045,000)	(752,816)	292,184	(961,000)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	100,000	251,735	151,735	233,565
Other income (expense)	-	13,745	13,745	56,379
Total non-operating revenues (expenses)	100,000	265,480	165,480	289,944
Income (Loss) Before Contributions	(945,000)	(487,336)	457,664	(671,056)
CONTRIBUTIONS				
Connection fees	100,000	88,200	(11,800)	107,100
Change in Net Position	\$ (845,000)	(399,136)	\$ 445,864	(563,956)
NET POSITION, July 1		14,286,850		14,850,806
NET POSITION, June 30		\$ 13,887,714		\$ 14,286,850

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

SEWER ENTERPRISE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,130,000	\$ 1,215,232	\$ 85,232	\$ 1,205,579
Payments to suppliers for goods and services	(1,500,000)	(2,364,148)	(864,148)	(1,122,254)
Payments to employees for services	(225,000)	(278,512)	(53,512)	(263,347)
Miscellaneous cash receipts (expenses)	250,000	13,745	(236,255)	56,379
Repayment of interfund payable	-	-	-	(110,314)
Net cash provided (used) by operating activities	(345,000)	(1,413,683)	(1,068,683)	(233,957)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,500,000)	(1,239,544)	260,456	(1,166,841)
Connection fees	100,000	88,200	(11,800)	107,100
Net cash provided (used) by capital and related financing activities	(1,400,000)	(1,151,344)	248,656	(1,059,741)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	95,000	251,735	156,735	233,565
Net Change in Cash and Cash Equivalents	(1,650,000)	(2,313,292)	(663,292)	(1,060,133)
CASH AND CASH EQUIVALENTS, July 1	7,547,711	5,137,578	(2,410,133)	6,197,711
CASH AND CASH EQUIVALENTS, June 30	\$ 5,897,711	\$ 2,824,286	\$ (3,073,425)	\$ 5,137,578

Continued on next page.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

SEWER ENTERPRISE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	ORIGINAL AND FINAL BUDGET	2025 ACTUAL	VARIANCE	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS				
Operating income (loss)		\$ (752,816)		\$ (961,000)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:				
Depreciation		176,868		100,914
Miscellaneous cash receipts (expenses)		13,745		56,379
Changes in				
Accounts receivable-user fees		774		1,631
Prepaid expenses		4,456		20,471
Accounts payable		(856,186)		647,692
Due to other funds		-		(110,314)
Accrued liabilities		415		10,493
Pension related amounts		(939)		(223)
Net cash provided (used) by operations		<u>\$ (1,413,683)</u>		<u>\$ (233,957)</u>



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

To the Board of Trustees
Gardnerville Ranchos General Improvement District
Gardnerville, 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 the Gardnerville Ranchos General Improvement District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2026.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Responses to Findings

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

Purpose of this Report

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

Silva Scerrine & Assoc, LLC

Reno, Nevada

February 23, 2026





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors and Members
Gardnerville Ranchos General Improvement District
Gardnerville, Nevada

Report on Compliance for each Major Federal Program

Opinion on the Major Federal Program

We have audited Gardnerville Ranchos General Improvement District's, (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Silva Scerifone & Assoc, LLC

Reno, Nevada

February 23, 2026



GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	AMOUNT
ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed through the Nevada Division of Environmental Protection Agency</i>			
Drinking Water State Revolving Loan Fund	66.468	Contract DW2403	\$ 1,743,704
Drinking Water State Revolving Loan Fund	66.468	Contract DW2404	357,025
Drinking Water State Revolving Loan Fund	66.468	Contract DW2216	17,643
<i>Total Passed through Nevada Division of EPA</i>			<u>2,118,372</u>
Total Environmental Protection Agency			<u>2,118,372</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,118,372</u></u>

See accompanying notes.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2025

NOTE 1 – REPORTING ENTITY

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Gardnerville Ranchos General Improvement District (the District) for the year ended June 30, 2025. The District's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the *Schedule of Expenditures of Federal Awards*.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying *Schedule of Expenditures of Federal Awards* is prepared on the accrual basis of accounting.

GARDNERVILLE RANCHOS GENERAL IMPRVEMENT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2025

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' report issued	Unmodified
Internal Control over Financial Reporting:	
• Material weakness identified	No
• Other significant deficiencies identified	Yes
Noncompliance material to the financial statements noted	No

Federal Awards

Internal Control over Major Programs:	
• Material weakness identified	No
• Other significant deficiencies identified	No
Type of Auditors' report issued on compliance for major programs	Unmodified
Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)	No

Major Programs

The major program for the year ended June 30, 2025 was:

- Drinking Water State Revolving Loan Fund – ALN 66.468.

The threshold for distinguishing Types A and B programs was \$750,000.

Low-Risk Auditee

Gardnerville Ranchos General Improvement District was determined to be a high-risk auditee. This is their initial Single Audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #2025-001 – Significant Deficiency – Financial Reporting (This is a partial repeat of Finding #2024-1.)

Criteria: Management is responsible for establishing and maintaining an effective system of internal control. One of the key components of an effective system of internal control is sufficiently trained personnel able to account for balances and transactions in an entity's general ledgers, such that the general ledgers provide accurate information to prepare financial statements in accordance with GAAP.

GARDNERVILLE RANCHOS GENERAL IMPRVEMENT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

Condition: Internal controls over financial reporting were not strong enough to ensure that accurate and timely financial information was generated. The general ledger for each of the District's governmental and enterprise funds, with the exception of the Capital Projects Fund, required audit adjustments in order for the District's financial statements to be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cause: Throughout the majority of the fiscal year (and prior to), the District management had not implemented sufficient procedures to ensure personnel responsible for the District's financial reporting possess the skills and knowledge necessary to account for balances and transactions in the governmental and enterprise funds' general ledgers, such that the general ledgers provide accurate information to prepare financial statements in accordance with GAAP.

Effect: The District's governmental and enterprise funds' general ledger account balances were materially misstated due to the following:

- errors in recording various transactions within each fund;
- errors in allocation of revenues and expenditures/expenses between the funds;
- not recording year-end accruals; and
- not recording other year-end adjustments;
- transactions of the Local Government Investment Pool (LGIP) accounts and the Moreton Investment accounts were not properly recorded in the general ledgers;

These audit adjustments to the general ledgers were required in order for the District's financial statements to be prepared in accordance with GAAP. These matters resulted in several audit adjustments, and adversely affected a more timely filing of the June 30, 2025 audit report.

In addition, the budgetary functions of the financial reporting software were not utilized. Accordingly, timely variance (budget vs. actual) reports were not available to facilitate management's decisions. Had such reports been available and properly utilized, it's possible that overexpenditures may not have occurred. (Refer to Note 2 in the financial statements.)

Recommendation: We strongly encourage that the District's Accounting Manager be provided with sufficient education and training in governmental accounting so that she can assume a proactive role in strengthening the District's internal control over financial reporting.

GARDNERVILLE RANCHOS GENERAL IMPRVEMENT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

Views of Responsible Officials and Planned Corrective Action:

Management of Gardnerville Ranchos General Improvement District (the District) concurs with this finding.

Planned Corrective Action:

To prevent future occurrences, the District will utilize their financial reporting software to create a Budget vs. Actual report to be submitted to the Board on a monthly basis. Also, the District will provide governmental accounting courses to the Finance Director and District Manager.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

GARDNERVILLE RANCHOS GENERAL IMPROVEMENT DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR FINDING YEAR ENDED JUNE 30, 2025

PRIOR YEAR (2024) FINDING

Finding #2024-1 - Material Weakness – Financial Reporting

Criteria: Management is responsible for establishing and maintaining an effective system of internal control. One of the key components of an effective system of internal control is sufficiently trained personnel able to account for balances and transactions in an entity's general ledgers, such that the general ledgers provide accurate information to prepare financial statements in accordance with GAAP.

Condition: Internal controls over financial reporting were not strong enough to ensure accurate financial information was generated. The general ledger for each of the District's governmental and enterprise funds, with the exception of the Capital Projects Fund, required audit adjustments in order for the District's financial statements to be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Auditors' Recommendation: The auditors recognize that changes in finance personnel were made in May 2024. As this was two months before the close of the fiscal year, sufficient time was not available for the onboarding activities necessary for the position to effectively respond to the above matters prior to the audit.

Current Status: Significant portions of the original finding have been repeated in the current year as a significant deficiency. Please see Finding #2025-001.



To the Board of Trustees of the
Gardnerville Ranchos General Improvement District
Gardnerville, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the Gardnerville Ranchos General Improvement District (the District) as of and for the year ended June 30, 2025, 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 other than the violation reported in Note 2 to the financial statements. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes, insofar as they relate to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

There were no compliance violations noted in the June 30, 2024 audit.

Current Year Recommendations

Our recommendation for the current year is included in the Schedule of Findings and Questioned Costs.

Prior Year Recommendations

See the Summary Schedule of Prior Audit Finding for the status of prior year recommendations.

Silva Sceirine & Assoc, LLC

Reno, Nevada
February 23, 2026