

Financial Statements
Fiscal Year Ended June 30, 2025
Kingsbury General Improvement District

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Independent Auditor's Report

To the Board of Trustees
Kingsbury General Improvement District
Stateline, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and fund information of the Kingsbury 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. As a result of implementing the standard, there was no effect on the governmental activities, business-type activities, or fund information beginning fund balance and net position as of July 1, 2024. Our opinions are not modified with respect to this matter.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of contributions - pension, schedule of funding progress - OPEB, and schedule of changes in net 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 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 schedule of capital assets by sources, capital assets used in the operations of governmental funds by function and activity, changes in capital assets used in the operations of governmental funds by function and activity, statement of revenue and expenses – budget and actual – sewer utility fund, statement of cash flows – budget and actual – sewer utility fund, statement of revenue and expenses – budget and actual – water utility fund, and statement of cash flows – budget and actual – water utility fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of capital assets by sources, capital assets used in the operations of governmental funds by function and activity, changes in capital assets used in the operations of governmental funds by function and activity, statement of revenue and expenses – budget and actual – sewer utility fund, statement of cash flows – budget and actual – sewer utility fund, statement of revenue and expenses – budget and actual – water utility fund, and statement of cash flows – budget and actual – water utility fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, and fund information in our report dated November 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The statement of revenue and expenses – budget and actual – sewer utility fund, statement of cash flows – budget and actual – sewer utility fund, statement of revenue and expenses – budget and actual – water utility fund, and statement of cash flows – budget and actual – water utility fund for the year ended June 30, 2024 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 related directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain 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. In our opinion, the , statement of revenue and expenses – budget and actual – sewer utility fund, statement of cash flows – budget and actual – sewer utility fund, statement of revenue and expenses – budget and actual – water utility fund, and statement of cash flows – budget and actual – water utility fund is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Reno, Nevada
November 26, 2025

As management of Kingsbury General Improvement District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- ◆ The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$64,589,790. Of this amount, \$19,702,308 is *unrestricted net position* that may be used to meet the District's ongoing obligations to citizens and creditors.
- ◆ The District's total noncurrent liabilities and deferred inflows decreased by \$1,471,376 or 10%. This net decrease is mostly comprised of a \$1,369,133 decrease in loans payable.
- ◆ The District's *total net position* increased by \$4,487,213 during the current year. Net investment in capital assets, a component of *total net position*, increased \$2,486,588 primarily due to additions of capital assets and payments made on related debt, net of depreciation. Restricted net position, a component of *total net position*, also increased \$709,636 due to the creation of a capital asset reserve account as required by grants received.
- ◆ At the end of the current year, the District's *governmental funds* reported combined total ending fund balances of \$11,623,781, an increase of \$1,939,769 in comparison with the prior year.
- ◆ At the end of the current fiscal year, non-spendable fund balances totaled \$4,175. The total committed fund balance is \$609,930. The total assigned fund balance for the general fund is \$1,070,381 for the fiscal year 2026 budget deficit. Unassigned fund balance is \$9,939,295.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*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 streets, snow removal and erosion control (including drainage). The *business-type activities* of the District include water (treatment and distribution) and sewer (collection by the District and treatment paid for by the District but done by others).

The government-wide financial statements can be found on pages 14-16 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. 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.

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

At year end, the District maintained three individual governmental funds. Information is presented separately in the governmental fund *balance sheet* and in the governmental fund *statement of revenue, expenditures and changes in fund balances* for the general fund, the special revenue fund (snow removal). There has been no activity in the capital projects fund (Tahoe Bond Act erosion control) since the year ended June 30, 2004.

The District adopts annual appropriated budgets for its general fund and its special revenue fund (snow removal). Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-54 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* including:

- ◆ *schedule of capital assets by sources*
- ◆ *capital assets used in the operations of governmental funds by function and activity*
- ◆ *changes in capital assets used in the operations of governmental funds by function and activity*

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

- ◆ *statement of revenue and expenses – budget and actual*
- ◆ *statement of cash flows – budget and actual*

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$64,589,790 at the close of the current year.

The largest portion of the District's net assets (68%) reflects its investment in capital assets (e.g. property, plant, equipment and infrastructure such as pipelines, roads and erosion control improvements), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position and Statement of Activities

A portion (\$755,086) of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$19,718,779, may be used to meet the District's ongoing obligations to its citizens and creditors.

As noted earlier, the District's total net position increased by \$4,487,213 during the current year.

At June 30, 2025, the end of the current year, the District is able to report positive balances in all three categories of net position. The same situation was true the prior fiscal year.

Governmental activities. Governmental activities increased the District's net position by \$1,888,453, thereby contributing 3% to growth in net position of the District. Net investment in capital assets decreased by \$71,407 and unrestricted net position increased by \$1,959,860.

Business-type activities. Business-type activities increased the District's net position by \$2,598,760, thereby contributing 4% of growth in net position of the District. Net investment in capital assets increased by \$2,557,995 and unrestricted net position decreased \$668,871.

Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balance of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *assigned and unassigned fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$11,623,781, an increase of \$1,939,769 in comparison with the prior year. Of this amount, \$4,175 is non-spendable. The *fund balance* of the *general fund* increased \$1,190,973 in the current year from \$9,605,116 to \$10,796,089. Fund revenue was primarily from property taxes and state consolidated taxes. A large portion of the accumulating *fund balance* of the *general fund*, excluding a prudent reserve, will be utilized in coming years for pavement capital projects.

The *fund balance* of the *snow removal special revenue fund* increased from \$78,896 to \$827,692 at June 30, 2025. The increase of \$748,796 in *fund balance* was due to revenues exceeding expenditures, and a transfer of \$550,000 from the *general fund*.

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

Kingsbury General Improvement District
Management's Discussion and Analysis
June 30, 2025

Statement of Net Position

	2025			2024
	Primary Government			Total
	Governmental Activities	Business-type Activities	Total	
Assets and deferred outflows				
Current and other, including deferred outflows	\$ 11,990,636	\$ 12,499,050	\$ 24,489,686	\$ 23,010,605
Capital assets, net and right of use leased assets, net	5,846,927	48,422,949	54,269,876	53,156,807
Total assets and other deferred outflows	17,837,563	60,921,999	78,759,562	76,167,412
Liabilities and deferred inflows				
Accounts payable and other liabilities	137,260	610,426	747,686	1,093,665
Prepaid fees and customer deposits	6,389	174,347	180,736	258,444
Noncurrent liabilities, including deferred inflows	577,780	12,663,570	13,241,350	14,712,726
Total liabilities and other deferred inflows	721,429	13,448,343	14,169,772	16,064,835
Net position				
Net investment in capital assets	5,846,517	38,269,408	44,115,925	41,629,337
Restricted	-	755,086	755,086	45,450
Unrestricted	11,269,617	8,449,162	19,718,779	18,427,790
Total net position	\$ 17,116,134	\$ 47,473,656	\$ 64,589,790	\$ 60,102,577

Statement of Activities

	2025					2024	
	Program Revenue			Governmental Activities	Business-type Activities	Total	Total
	Expenses	Charges for Services	Capital Grants and Contributions				
FUNCTIONS/PROGRAMS							
Governmental activities							
Public works							
Highways and streets	\$ 803,503	\$ 101,412	\$ -	\$ (702,091)	\$ -	\$ (702,091)	\$ (1,308,339)
Snow removal	662,583	783,969	-	121,386	-	121,386	(19,314)
Debt Service	12	-	-	(12)	-	(12)	(80)
Business-type activities							
Sewer	1,859,561	1,870,508	-	-	10,947	10,947	118,697
Water	3,742,519	4,962,154	962,213	-	2,181,848	2,181,848	2,651,714
	<u>\$ 7,068,178</u>	<u>\$ 7,718,043</u>	<u>\$ 962,213</u>	<u>(580,717)</u>	<u>2,192,795</u>	<u>1,612,078</u>	<u>1,442,678</u>
Ad valorem taxes				1,176,484	-	1,176,484	1,094,830
Consolidated taxes				799,831	-	799,831	772,996
Interest income				487,009	405,965	892,974	1,042,196
Miscellaneous income				5,846	-	5,846	12,020
Total general revenue				<u>2,469,170</u>	<u>405,965</u>	<u>2,875,135</u>	<u>2,922,042</u>
CHANGE IN NET POSITION				\$ 1,888,453	\$ 2,598,760	\$ 4,487,213	\$ 4,364,720

General Fund Budgetary Highlights

Taxes were the *general fund's* primary source of revenue (78%). This included property tax revenue of \$1,176,484 and state consolidated tax revenue of \$799,831. Actual *general fund* revenue was 6% greater than the budget. Expenditures were 71% less than the budget. The ending fund balance increased from \$9,605,116 to \$10,796,089.

Capital Asset and Debt Administration

At year end, the District's net investment in capital assets from its governmental activities totaled \$5,846,517. The net investment in capital assets from its proprietary activities totaled \$38,269,408.

There were no major capital asset events during the fiscal year.

In November 2007, the District obtained an additional low-interest, subsidized loan from the State of Nevada State Revolving Loan Fund (SRF) in an amount not to exceed \$3,000,000. The loan is secured by a general obligation bond of \$3,000,000 issued to the Nevada State Treasurer; however, the liability for the loan is shown strictly as the amount drawn to date and is recorded in the *water utility fund*. The loan provided 38.1% of the cost of water system improvements and served as the required match to a state grant providing 61.9% of the cost of those improvements. As of June 30, 2025, the District had outstanding \$565,695 in loan proceeds, which is the legal amount outstanding.

In June 2010, the District obtained an additional low-interest, subsidized loan from the State of Nevada State Revolving Loan Fund (SRF) in an amount not to exceed \$3,306,650. The loan is secured by a general obligation bond of \$3,306,650 issued to the Nevada State Treasurer; however, the liability for the loan is shown strictly as the amount drawn to date and is recorded in the *water utility fund*. This loan provided 100% funding of the cost of water meter installations. As of June 30, 2025, the District had outstanding \$1,022,927 in loan proceeds, which is the legal amount outstanding.

In March 2012, the District obtained a low-interest, subsidized loan from the State of Nevada State Revolving Loan Fund (SRF) in an amount not to exceed \$5,000,000. On October 29, 2014, the loan amount was increased to \$11,000,000. The loan is secured by a general obligation bond of \$11,000,000 issued to the Nevada State Treasurer. This loan will provide 80% funding of the Water Treatment Plant improvements. As of June 30, 2025, the District had drawn the full amount of loan proceeds and had outstanding \$5,094,698 in loan proceeds, which is the legal amount outstanding.

In January 2015, the District obtained an additional low interest subsidized loan from the State of Nevada State Revolving Loan Fund (SRF) in an amount not to exceed \$6,000,000. The loan is secured by a general obligation bond of \$6,000,000 issued to the Nevada State Treasurer and is recorded in the *water utility fund*. The loan, which supplements the 2012 loan, will fund approximately 80% of the Water Treatment Plant improvements. As of June 30, 2025, the District had drawn the full amount of loan proceeds and had outstanding \$3,466,532 in loan proceeds, which is the legal amount outstanding.

State statutes limit the amount of general obligation debt a governmental entity may issue to 50% of the total assessed valuation within the government's boundaries. At June 30, 2025, the debt limitation of the District was \$168,020,369 which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found under Note 7 – Loans Payable on pages 40-42.

Economic Factors

During fiscal year 2024–2025, the regional economy surrounding the Kingsbury General Improvement District showed mixed but generally stabilizing performance. Employment conditions remained fairly resilient, with Douglas County averaging 20,649 jobs in late 2024, even though this represented a modest 1.8% decrease from the prior year. Despite the slight dip in employment, wages rose substantially, with the average weekly wage increasing 9.8% year-over-year to \$1,431, reflecting continued wage pressure in skilled trades, hospitality, and technical professions. These trends influenced both public-sector recruitment and the cost structures facing local contractors and developers.

Housing and development activity continued but with varied momentum across the Tahoe basin. County-level building permit data showed 314 private housing units authorized in 2024, nearly flat compared to 312 in 2023, while another regional dataset reported a decline from 246 to 190 “living-unit” permits year-over-year. This mixed picture reflects ongoing constraints in land supply, construction labor availability, and elevated financing costs. Major residential developments within KGID's service boundaries—including the Summit and Tahoe Beach Club—continued to advance, albeit at more measured pace due to cost pressures and longer construction timelines. Remodels and additions remained a key driver of activity, consistent with county reports showing that renovation and commercial valuation permits outpaced new single-family construction in several Tahoe-basin jurisdictions.

Local business conditions mirrored the larger challenges of a tourism-driven mountain economy. Hospitality and recreation sectors benefited from sustained visitor volume, supported by the Lake Tahoe region's status as a major destination with millions of annual visitor-days. However, tourism-based revenues fluctuated with economic sentiment and seasonality, generating variability in consumer activity. The steady stream of visitors continued to place operational pressure on essential KGID services, particularly water usage, snow removal, and infrastructure maintenance. Businesses dependent on specialty contractors and technical service providers continued to experience higher pricing, scheduling delays, and capacity limitations—conditions reflected in statewide labor shortages in construction and engineering fields.

Overall, the regional economic landscape exerted both supportive and constraining influences on KGID's operations. Strong tourism and ongoing residential investment reinforced long-term service demand, while high wages, elevated materials costs, and tight contractor availability increased operational and capital project expenses. These economic conditions directly informed KGID's financial planning for FY 2024–2025 and shaped expectations for revenue stability, rate adjustments, and resource allocation in the upcoming budget cycle.

The two large developments in the district are projected to move toward completion during the next 12 months. Local development activity normalized during the year. The Sierra Colina development was officially closed out in 2024, and the District anticipates more moderate progress on other planned developments moving forward.

Costs of goods and services have not had any relief, demand for essential goods, such as water meters, valves and pipe remain very high. Prices remain very high, but availability has improved. Most of these items are now available in six to eight weeks versus the six to eight months being experienced at the beginning of the fiscal year. Fuel has been the exception to the trend, the costs for fuel have fallen from their previous highs

Engineering and technical service costs, which had seen increases in prior years, stabilized during 2024 and remained steady throughout 2025, reducing pressure on contracted services budgets. Contractor availability improved moderately as well.

The broader national economy entered 2025 with less volatility compared to the prior year. Earlier financial market instability diminished, and consumer conditions strengthened, contributing to stable economic activity across the District's service area.

Next Year's Budgets and Rates

The District continues implementing its long-term water utility masterplan. By the end of 2025, major pipeline replacement projects on Tina Court, Tramway Drive, and Bonnie Drive were completed, addressing aging infrastructure and improving system reliability. While older lines installed under past construction methods are reaching the end of their expected life, these replacement projects have strengthened system performance and reduced operational risk.

The District's snow removal fund and general operating reserves remained stable, and no rate increases were proposed or approved for the upcoming fiscal year. Budget projections for FY 2026 include continued elevated material costs but no major changes to operating or capital priorities. The District did not issue or refinance debt during the year, and interest rates are expected to continue trending slightly downward.

The District completed several major facility initiatives during the fiscal year. Renovations at 160 Pine Ridge were finalized, completing the modernization of the District's administrative and operations buildings. With these improvements in place, the District has eliminated its reliance on leased facilities, reducing long-term expenses and consolidating operations efficiently. Construction of a planned equipment storage facility has not yet begun but remains a future priority.

Staffing conditions improved with the appointment of a new General Manager in early 2025 following the retirement of the previous General Manager at the end of 2024. The Operations Superintendent vacancy was also filled during the year. Several operations positions remain open, consistent with regional labor constraints.

As is typical for the District, temporary summer labor was utilized during the year to support seasonal operational needs.

The District owns an adjacent property at 298 Kingsbury, which has been listed for sale. The outcome of the sale may affect parking availability and building-use planning beginning in FY 2026.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business and Contracts Manager, Kingsbury General Improvement District, P.O. Box 2220, Stateline, Nevada 89449.

Kingsbury General Improvement District
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 11,513,443	\$ 11,022,243	\$ 22,535,686
Accounts receivable	56,115	431,868	487,983
Taxes receivable	183,810	-	183,810
Grants receivable	-	19,346	19,346
Due from other governments	-	89,126	89,126
Deposits and interest receivable	50,546	38,057	88,603
Prepaid expenses	4,175	21,608	25,783
Material inventory	-	183,253	183,253
Cash and investments - restricted	-	45,450	45,450
Bond issuance costs, net	-	38,576	38,576
Property, plant and equipment, net of accumulated depreciation	5,846,529	48,419,398	54,265,927
Right of use leased assets, net of accumulated amortization	398	3,551	3,949
Total assets	<u>17,655,016</u>	<u>60,312,476</u>	<u>77,967,492</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	176,499	570,766	747,265
Deferred outflows related to OPEB	6,048	38,757	44,805
Total deferred outflows of resources	<u>182,547</u>	<u>609,523</u>	<u>792,070</u>
Total assets and deferred outflows	<u>17,837,563</u>	<u>60,921,999</u>	<u>78,759,562</u>

Kingsbury General Improvement District

Statement of Net Position

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable - trade	\$ 130,084	\$ 487,077	\$ 617,161
Accrued expenses	7,176	-	7,176
Accrued interest payable	-	123,349	123,349
Prepaid user fees and customer deposits	6,389	174,347	180,736
Noncurrent liabilities			
Due within one year			
Compensated absences	9,251	55,171	64,422
OPEB obligation	2,150	13,776	15,926
Loans payable	-	1,403,827	1,403,827
Lease liability	410	3,689	4,099
Due in more than one year			
Compensated absences	835	4,977	5,812
Net pension liability	380,160	1,541,741	1,921,901
OPEB obligation	54,928	351,941	406,869
Loans payable	-	8,746,025	8,746,025
Total liabilities	591,383	12,905,920	13,497,303
Deferred Inflows of Resources			
Deferred inflows related to pensions	91,643	296,358	388,001
Deferred inflows related to OPEB	38,403	246,065	284,468
Total deferred inflows of resources	130,046	542,423	672,469
Total liabilities and deferred inflows	721,429	13,448,343	14,169,772
Net Position			
Net investment in capital assets	5,846,517	38,269,408	44,115,925
Restricted			
Capital Asset Reserve	-	709,636	709,636
Tahoe Regional Planning Agency	-	45,450	45,450
Unrestricted	11,269,617	8,449,162	19,718,779
Total Net Position	\$ 17,116,134	\$ 47,473,656	\$ 64,589,790

Kingsbury General Improvement District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues Charges for Services	Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
				Governmental Activities	Business-Type Activities	Total
Governmental activities						
Public works						
Highways and streets	\$ 803,503	\$ 101,412	\$ -	\$ (702,091)	\$ -	\$ (702,091)
Snow removal	662,583	783,969	-	121,386	-	121,386
Debt service	12	-	-	(12)	-	(12)
Total governmental activities	<u>1,466,098</u>	<u>885,381</u>	<u>-</u>	<u>(580,717)</u>	<u>-</u>	<u>(580,717)</u>
Business-type activities						
Sewer	1,859,561	1,870,508	-	-	10,947	10,947
Water	3,742,519	4,962,154	962,213	-	2,181,848	2,181,848
Total business-type activities	<u>5,602,080</u>	<u>6,832,662</u>	<u>962,213</u>	<u>-</u>	<u>2,192,795</u>	<u>2,192,795</u>
Total primary government	<u>\$ 7,068,178</u>	<u>\$ 7,718,043</u>	<u>\$ 962,213</u>	<u>(580,717)</u>	<u>2,192,795</u>	<u>1,612,078</u>
General Revenue						
Ad valorem taxes				1,176,484	-	1,176,484
Consolidated taxes				799,831	-	799,831
Interest income				487,009	405,965	892,974
Miscellaneous income				5,846	-	5,846
Total general revenue				<u>2,469,170</u>	<u>405,965</u>	<u>2,875,135</u>
Change in Net Position				1,888,453	2,598,760	4,487,213
Net Position, Beginning of Year				<u>15,227,681</u>	<u>44,874,896</u>	<u>60,102,577</u>
Net Position, End of Year				<u>\$ 17,116,134</u>	<u>\$ 47,473,656</u>	<u>\$ 64,589,790</u>

Kingsbury General Improvement District

Balance Sheet – Governmental Funds

June 30, 2025

	General	Special Revenue Fund (Snow Removal)	Total Governmental Funds
Assets			
Cash and investments	\$ 10,678,349	\$ 835,094	\$ 11,513,443
Accounts receivable	24,352	31,763	56,115
Taxes receivable	183,810	-	183,810
Interest receivable	46,635	3,911	50,546
Prepaid expenses	203	3,972	4,175
Total assets	<u>\$ 10,933,349</u>	<u>\$ 874,740</u>	<u>\$ 11,808,089</u>
Liabilities			
Accounts payable - trade	\$ 130,084	\$ -	\$ 130,084
Accrued expenses	7,176	-	7,176
Prepaid user fees and customer deposits	-	6,389	6,389
Total liabilities	<u>137,260</u>	<u>6,389</u>	<u>143,649</u>
Deferred Inflows of Resources			
Unavailable revenue	-	40,659	40,659
Total liabilities and deferred inflows of resources	<u>137,260</u>	<u>47,048</u>	<u>184,308</u>
Fund Balances			
Nonspendable			
Prepaid expenses	203	3,972	4,175
Committed	404,298	205,632	609,930
Assigned for next year's budget deficit	1,070,381	-	1,070,381
Unassigned	9,321,207	618,088	9,939,295
Total fund balances	<u>10,796,089</u>	<u>827,692</u>	<u>11,623,781</u>
Total Liabilities and Fund Balances	<u>\$ 10,933,349</u>	<u>\$ 874,740</u>	<u>\$ 11,808,089</u>

Kingsbury General Improvement District
 Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
 June 30, 2025

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

Total fund balances - total governmental funds		\$ 11,623,781
Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Capital assets, being depreciated	\$ 15,385,950	
Right-to-use leased assets, being amortized	18,817	
Less accumulated depreciation/amortization	<u>(9,557,840)</u>	5,846,927
Unavailable revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		
		40,659
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences payable	(10,086)	
Net pension liability	(380,160)	
OPEB obligation	(57,078)	
Lease payable	<u>(410)</u>	(447,734)
Deferred outflows and inflows of resources related to pensions and other post employment benefits (OPEB), are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows of resources related to pensions	176,499	
Deferred outflows of resources related to OPEB	6,048	
Deferred inflows of resources related to pensions	(91,643)	
Deferred inflows of resources related to OPEB	<u>(38,403)</u>	<u>52,501</u>
Net position of governmental activities		<u>\$ 17,116,134</u>

Kingsbury General Improvement District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General	Special Revenue Fund (Snow Removal)	Total Governmental Funds
Revenue			
Ad valorem taxes	\$ 1,176,484	\$ -	\$ 1,176,484
Intergovernmental state shared revenue			
Consolidated taxes	799,831	-	799,831
Miscellaneous			
Charges for services	-	782,436	782,436
Interest income	457,678	29,331	487,009
Rental income	101,412	-	101,412
Other revenue	833	5,013	5,846
Total revenue	<u>2,536,238</u>	<u>816,780</u>	<u>3,353,018</u>
Expenditures			
Public works			
Current			
Salaries, wages and benefits	269,798	191,825	461,623
Services and supplies	161,995	418,065	580,060
Capital outlay	363,247	7,869	371,116
Debt service			
Principal	219	219	438
Interest	6	6	12
Total expenditures	<u>795,265</u>	<u>617,984</u>	<u>1,413,249</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>1,740,973</u>	<u>198,796</u>	<u>1,939,769</u>
Other Financing Sources (Uses)			
Transfers in	-	550,000	550,000
Transfers out	(550,000)	-	(550,000)
Total other financing sources (uses)	<u>(550,000)</u>	<u>550,000</u>	<u>-</u>
Net Change in Fund Balance	<u>1,190,973</u>	<u>748,796</u>	<u>1,939,769</u>
Fund Balance, Beginning of Year	<u>9,605,116</u>	<u>78,896</u>	<u>9,684,012</u>
Fund Balances, End of Year	<u>\$ 10,796,089</u>	<u>\$ 827,692</u>	<u>\$ 11,623,781</u>

Kingsbury General Improvement District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds Year Ended June 30, 2025

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

Net changes in fund balances - total governmental funds	\$	1,939,769
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated/amortized over their estimated useful lives.</p>		
Capital outlay	\$	371,116
Depreciation and amortization expense	<u>(442,961)</u>	(71,845)
<p>Debt service payments for long-term debt, including leases, are reported as expenditures in the governmental funds, but are reported as a reduction of long-term liabilities in the Statement of Net Position.</p>		
Lease principal payments		438
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Change in unavailable revenue		1,533
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in long-term compensated absences	11,074	
Change in OPEB liability related amounts	<u>4,361</u>	15,435
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.</p>		
Pension expense		<u>3,123</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,888,453</u></u>

Kingsbury General Improvement District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Ad valorem taxes	\$ 1,173,281	\$ 1,173,281	\$ 1,176,484	\$ 3,203
Intergovernmental state shared revenue				
Consolidated taxes	796,808	796,808	799,831	3,023
Miscellaneous				
Interest income	311,520	311,520	457,678	146,158
Rental income	107,167	107,167	101,412	(5,755)
Other revenue	8,800	8,800	833	(7,967)
Total revenue	<u>2,397,576</u>	<u>2,397,576</u>	<u>2,536,238</u>	<u>138,662</u>
Expenditures				
Public works				
Highway and streets				
Salaries and wages	236,365	236,365	179,183	57,182
Employee benefits	128,976	131,974	90,615	41,359
Services and supplies	253,847	253,847	161,995	91,852
Capital outlay	2,138,000	2,138,000	363,247	1,774,753
Debt service				
Principal	-	-	219	(219)
Interest	-	-	6	(6)
Total expenditures	<u>2,757,188</u>	<u>2,760,186</u>	<u>795,265</u>	<u>1,964,921</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>(359,612)</u>	<u>(362,610)</u>	<u>1,740,973</u>	<u>2,103,583</u>
Other Financing Sources (Uses)				
Transfers out	-	(550,000)	(550,000)	-
Contingency	(82,716)	(82,806)	-	82,806
Total other financing sources (uses)	<u>(82,716)</u>	<u>(632,806)</u>	<u>(550,000)</u>	<u>82,806</u>
Net Change in Fund Balance	(442,328)	(995,416)	1,190,973	2,186,389
Fund Balances, Beginning of Year	<u>9,571,460</u>	<u>9,571,460</u>	<u>9,605,116</u>	<u>33,656</u>
Fund Balances, End of Year	<u>\$ 9,129,132</u>	<u>\$ 8,576,044</u>	<u>\$ 10,796,089</u>	<u>\$ 2,220,045</u>

Kingsbury General Improvement District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue

Fund – Snow Removal

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Charges for services	\$ 758,920	\$ 789,664	\$ 782,436	\$ (7,228)
Interest income	8,419	8,419	29,331	20,912
Other revenue	55	55	5,013	4,958
Total revenue	767,394	798,138	816,780	18,642
Expenditures				
Snow removal				
Salaries and wages	154,723	154,723	122,182	32,541
Employee benefits	100,491	103,489	69,643	33,846
Services and supplies	954,233	954,233	418,065	536,168
Capital outlay	129,000	129,000	7,869	121,131
Debt service				
Principal	-	-	219	(219)
Interest	-	-	6	(6)
Total expenditures	1,338,447	1,341,445	617,984	723,461
Excess (Deficiency) of Revenue over (under) Expenditures	(571,053)	(543,307)	198,796	742,103
Other Financing Sources (Uses)				
Transfers in	-	550,000	550,000	
Contingency	(40,153)	(40,243)	-	40,243
Total other financing sources (uses)	(40,153)	509,757	550,000	40,243
Net Change in Fund Balance	(611,206)	(33,550)	748,796	782,346
Fund Balances, Beginning of Year	42,907	42,907	78,896	35,989
Fund Balances, End of Year	<u>\$ (568,299)</u>	<u>\$ 9,357</u>	<u>\$ 827,692</u>	<u>\$ 818,335</u>

Kingsbury General Improvement District

Statement of Net Position – Enterprise Funds

June 30, 2025

(with comparative totals as of June 30, 2024)

	2025		2024	
	Sewer Utility Fund	Water Utility Fund	Total	Total
Assets				
Current assets				
Cash and investments	\$ 4,464,002	\$ 6,558,241	\$ 11,022,243	\$ 10,260,951
Accounts receivable	93,944	337,924	431,868	480,495
Grants receivable	-	19,346	19,346	1,276,045
Due from other governments	89,126	-	89,126	46,779
Deposits and interest receivable	19,320	18,737	38,057	52,395
Prepaid expenses	3,416	18,192	21,608	22,558
Material inventory	976	182,277	183,253	178,940
Total current assets	4,670,784	7,134,717	11,805,501	12,318,163
Property, plant and equipment	8,485,211	66,236,366	74,721,577	71,984,678
Less accumulated depreciation	(5,942,289)	(20,359,890)	(26,302,179)	(24,754,068)
Right of use leased assets	56,452	112,904	169,356	169,356
Less accumulated amortization	(55,268)	(110,537)	(165,805)	(161,931)
Net property, plant and equipment	2,544,106	45,878,843	48,422,949	47,238,035
Other assets				
Cash and investments - restricted	-	45,450	45,450	45,450
Bond issuance costs, net	-	38,576	38,576	47,822
Total other assets	-	84,026	84,026	93,272
Total assets	7,214,890	53,097,586	60,312,476	59,649,470
Deferred Outflows of Resources				
Deferred outflows related to pensions	119,375	451,391	570,766	543,823
Deferred outflows related to OPEB	5,825	32,932	38,757	90,433
Total deferred outflows of resources	125,200	484,323	609,523	634,256
Total Assets and Deferred Outflows	\$ 7,340,090	\$ 53,581,909	\$ 60,921,999	\$ 60,283,726

Kingsbury General Improvement District

Statement of Net Position – Enterprise Funds

June 30, 2025

(with comparative totals as of June 30, 2024)

	2025			2024
	Sewer Utility Fund	Water Utility Fund	Total	Total
Liabilities				
Current liabilities				
Accounts payable - trade	\$ 11,155	\$ 475,922	\$ 487,077	\$ 870,902
Accrued interest payable	-	123,349	123,349	140,588
Prepaid user fees and customer deposits	58,139	116,208	174,347	252,100
Compensated absences	7,475	47,696	55,171	73,866
OPEB obligation	2,070	11,706	13,776	14,755
Lease liability	1,230	2,459	3,689	3,948
Loans payable	-	1,403,827	1,403,827	1,369,132
Total current liabilities	80,069	2,181,167	2,261,236	2,725,291
Long-term liabilities				
Compensated absences, net	674	4,303	4,977	32,088
Net pension liability	304,825	1,236,916	1,541,741	1,670,633
OPEB obligation	52,893	299,048	351,941	539,153
Lease liability, less current portion	-	-	-	3,689
Loans payable, less current portion	-	8,746,025	8,746,025	10,149,853
Total long-term liabilities	358,392	10,286,292	10,644,684	12,395,416
Total liabilities	438,461	12,467,459	12,905,920	15,120,707
Deferred Inflows of Resources				
Deferred inflows related to pensions	61,983	234,375	296,358	150,619
Deferred inflows related to OPEB	36,981	209,084	246,065	137,504
Total deferred inflows of resources	98,964	443,459	542,423	288,123
Total liabilities and deferred inflows	537,425	12,910,918	13,448,343	15,408,830
Net Position				
Invested in capital assets, net of related debt	2,542,876	35,726,532	38,269,408	35,711,413
Restricted				
Capital Asset Reserve	-	709,636	709,636	-
Tahoe Regional Planning Agency for capital projects	-	45,450	45,450	45,450
Unrestricted	4,259,789	4,189,373	8,449,162	9,118,033
Total net position	\$ 6,802,665	\$ 40,670,991	\$ 47,473,656	\$ 44,874,896

Kingsbury General Improvement District
Statement of Revenue, Expenses, and Changes in Net Position – Enterprise Funds
Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	2025		2024	
	Sewer Utility Fund	Water Utility Fund	Total	Total
Operating Revenue				
Charges for services	\$ 1,870,508	\$ 4,962,154	\$ 6,832,662	\$ 6,812,799
Operating Expenses				
Salaries, wages and benefits	224,873	904,956	1,129,829	1,239,838
Services and supplies	1,534,865	1,052,762	2,587,627	2,284,920
Depreciation and amortization	99,786	1,466,222	1,566,008	1,488,876
Total operating expenses	<u>1,859,524</u>	<u>3,423,940</u>	<u>5,283,464</u>	<u>5,013,634</u>
Operating Income	<u>10,984</u>	<u>1,538,214</u>	<u>1,549,198</u>	<u>1,799,165</u>
Nonoperating Revenue (Expense)				
Interest income	185,727	220,238	405,965	589,388
Loss on disposal of assets	-	(53,889)	(53,889)	(5,715)
Interest expense	(37)	(264,690)	(264,727)	(300,784)
Total nonoperating revenue (expense)	<u>185,690</u>	<u>(98,341)</u>	<u>87,349</u>	<u>282,889</u>
Income Before Capital Grants	196,674	1,439,873	1,636,547	2,082,054
Capital Grants	-	962,213	962,213	1,277,745
Change in Net Position	<u>196,674</u>	<u>2,402,086</u>	<u>2,598,760</u>	<u>3,359,799</u>
Net Position, Beginning of Year	<u>6,605,991</u>	<u>38,268,905</u>	<u>44,874,896</u>	<u>41,515,097</u>
Net Position, End of Year	<u>\$ 6,802,665</u>	<u>\$ 40,670,991</u>	<u>\$ 47,473,656</u>	<u>\$ 44,874,896</u>

Kingsbury General Improvement District
Statement of Cash Flows – Enterprise Funds
Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	2025		2024	
	Sewer Utility Fund	Water Utility Fund	Total	Total
Operating Activities				
Cash received from customers	\$ 1,883,630	\$ 4,934,244	\$ 6,817,874	\$ 6,734,904
Cash paid to employees and benefits	(242,962)	(970,723)	(1,213,685)	(1,160,626)
Cash paid to suppliers	(1,637,572)	(1,379,590)	(3,017,162)	(1,896,501)
Net Cash from Operating Activities	<u>3,096</u>	<u>2,583,931</u>	<u>2,587,027</u>	<u>3,677,777</u>
Capital and Related Financing Activities				
Capital expenditures	(24,230)	(2,780,581)	(2,804,811)	(6,018,055)
Proceeds from capital grants	-	2,218,912	2,218,912	-
Principal payments of long-term debt	-	(1,369,133)	(1,369,133)	(1,335,305)
Principal payments of lease liabilities	(1,316)	(2,632)	(3,948)	(39,401)
Interest/amortization paid on long-term debt	(37)	(272,683)	(272,720)	(301,003)
Net Cash used for Capital and Related Financing Activities	<u>(25,583)</u>	<u>(2,206,117)</u>	<u>(2,231,700)</u>	<u>(7,693,764)</u>
Investing Activities				
Interest on investments	<u>185,727</u>	<u>220,238</u>	<u>405,965</u>	<u>589,388</u>
Net Change in Cash and Cash Equivalents	163,240	598,052	761,292	(3,426,599)
Cash and Cash Equivalents, Beginning of Year (Including Restricted Cash Held in the Water Fund)	<u>4,300,762</u>	<u>6,005,639</u>	<u>10,306,401</u>	<u>13,733,000</u>
Cash and Cash Equivalents, End of Year (Including Restricted Cash Held in the Water Fund)	<u>\$ 4,464,002</u>	<u>\$ 6,603,691</u>	<u>\$ 11,067,693</u>	<u>\$ 10,306,401</u>

Kingsbury General Improvement District
Statement of Cash Flows – Enterprise Funds
Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	2025		2024	
	Sewer Utility Fund	Water Utility Fund	Total	Total
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income	\$ 10,984	\$ 1,538,214	\$ 1,549,198	\$ 1,799,165
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization	99,786	1,466,222	1,566,008	1,488,876
Changes in				
Deferred outflows, inflows, and net pension/OPEB liability	(6,312)	(31,738)	(38,050)	88,416
Accounts receivable	24,049	24,578	48,627	(52,602)
Due from other governments	(42,347)	-	(42,347)	34,739
Deposits and interest receivable	(500)	14,838	14,338	1,968
Material inventory	(66)	(4,247)	(4,313)	(33,711)
Prepaid expenses	1,885	(935)	950	(8,110)
Accounts payable - trade	(62,179)	(321,646)	(383,825)	395,731
Compensated absences	(11,777)	(34,029)	(45,806)	(9,434)
Prepaid user fees and customer deposits	(10,427)	(67,326)	(77,753)	(27,261)
Total adjustments	(7,888)	1,045,717	1,037,829	1,878,612
Net Cash from Operating Activities	\$ 3,096	\$ 2,583,931	\$ 2,587,027	\$ 3,677,777
Non-Cash Capital and Related Financing Activities				
Loss on disposal of assets	\$ -	\$ 53,889	\$ 53,889	\$ 5,715

Note 1 - Summary of Significant Accounting Policies

The Kingsbury General Improvement District (the "District") was organized under the provisions of Nevada Revised Statutes Chapter 318. Under the Statute, the District has been granted authority to provide water, sewer, and road maintenance services for the benefit of individuals residing within its geographical boundaries and to provide water to portions of nearby properties outside of the District's geographical boundaries.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles, as applied to government units.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals for each governmental fund type) data has not been presented in each of the statements since its inclusion would make the statements unduly complex and difficult to read.

Financial Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, intergovernmental revenue (consolidated taxes), 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 revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

Snow Removal Fund (Special Revenue Fund): Effective January 1, 1998, by Board resolution, the District created the Snow Removal Fund to account for the snow removal fee revenue and snow removal related expenditures. Fund balances are considered committed for use during a subsequent year. Interfund loans from the General fund are authorized in years operational requirement results in a Fund balance deficit.

In addition, the government has the following governmental funds:

Tahoe Bond Act Erosion Control Capital Projects Fund (Capital Projects Fund): The Tahoe Bond Act Erosion Control Capital Projects Fund was created August 11, 1998, to account for the receipt and disbursement of erosion control grant funds under the Tahoe Bond Act and other grants funding erosion control capital projects. There has been no activity in this fund since the year ended June 30, 2004.

The government reports the following major proprietary funds:

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

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

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund is charges to customers for services. The District also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

All interest income is allocated between the General Fund, Enterprise Funds (Sewer Fund and Water Fund), and Snow Removal Special Revenue Fund, based on a percentage for each fund as derived from the cash position of those funds.

Cash and Cash Equivalents and Investments

The District's cash and cash equivalents include cash on deposit at one commercial bank and in the State Treasurer's Local Government Investment Pool. Cash equivalents also include highly liquid investments that are available on demand and are, therefore, classified as cash equivalents on the Statements of Cash Flows.

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

Restricted cash is held based on agreed upon reserve requirements from external parties.

Accounts Receivable

Exchange receivables due from customers are uncollateralized customer obligations due under normal terms requiring payment within 30 days from the invoice date. Exchange receivables are stated at the amount billed to the customer. The Company charges interest on overdue customer account balances at a rate of 10%. Payments of exchange receivables are allocated to the specific billings identified on the customer's billings summary, or, if unspecified, are applied to the earliest unpaid billing.

The District considers receivables at June 30, 2025 to be fully collectible; therefore, no allowance for doubtful accounts is required. Any accounts receivable which are subsequently deemed uncollectible will be expensed at that time. The District makes no provision for estimated uncollectible and valorem taxes receivable. Adequate legal remedies are presently available to enforce the collection of such taxes and any taxes which may prove uncollectible should not be material in amount.

Due from Other Governments

Amounts due from other governments are for billing adjustments received by the District after year-end.

Material Inventory

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Prepaid Expenses

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, erosion control improvements and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure prior to July 1, 2003, is excluded from these numbers. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Structure and improvements	27-35
Utility plant	3-50
Transmission and distribution mains	8-75
Equipment	3-35
Infrastructure	10-50

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful lives of the underlying asset using the straight-line method. The amortization period varies from 2 to 5 years.

Impairment

The District reviews the carrying value of property and equipment for impairment whenever events and circumstances indicated that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In case where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at June 30, 2025.

Loans Payable

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

Compensated absences accrued when incurred in the government-wide and proprietary fund financial statements.

In the enterprise funds, compensated absences are recorded when the liabilities are incurred. In the governmental funds, vested or accumulated compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it.

Vacation may be accumulated by employees up to certain maximums and is payable upon retirement or termination. Employees with over five years of service receive accrued sick pay at 50% of their current hourly rate upon retirement or termination. The financial statements reflect the accrual for compensated absences for leave that has not been used, to the extent it is more likely than not that the leave will be used or paid at termination.

Grant Revenue

The District receives grant monies from other governmental entities. Grant revenue for the water line replacement project is reported and accounted for in the Water Utility Fund. Grant revenue from other activities is reported in the applicable fund when expended. Grant revenue is recognized when qualifying expenditures are incurred.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to pensions and OPEB on the government wide and proprietary fund statements of net position.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to pensions and OPEB on the government wide and proprietary fund statements of net position and related to unavailable revenue on the governmental funds balance sheet.

Fund Equity

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

Net Investment in capital assets – consists of capital assets and leases, net of accumulated depreciation and amortization and related debt, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District has restricted amounts for deposits which are restricted by the Tahoe Regional Planning Agency, as well as a capital asset reserve that is required by the grant agreement with the Nevada Division of Environmental Protection.

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

The District’s policy is to first apply expenditures against restricted net position balances and then unrestricted balances.

In the year ended June 30, 2025, the Board designated that funds be designated for the future budgeted purchases of vehicles. Amounts are designated as follows: \$404,298 in the general fund, \$205,632 in the snow removal fund, and \$16,471 in the sewer fund.

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

Nonspendable – represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. Prepaid expenses are reported as nonspendable fund balances.

Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. Capital asset reserves are reported as restricted fund balances.

Committed – represents amounts which can be used only for specific purposes determined by the members of the governing Board's formal action through a resolution or action. The District has committed fund balances of \$609,930 related to board designated amounts for future budgeted purchases of vehicles.

Assigned – represents amounts that are intended by the District for specific purposes but do not require action by the governing Board. The District's assigned funds represent the full fund balances assigned for next year's budget deficit and for future snow removal services.

Unassigned – represents all amounts not included in other classifications.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Self Insurance Trust Fund, Public Employees' Benefits Program (PEBP) and additions to/deductions from PEBP's fiduciary net position have been determined on the same basis as they are reported by PEBP. For this purpose, PEBP recognizes benefit payments when due and payable in accordance with the benefit terms. PEBP's cash and cash equivalents consist of short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to materiality that they present insignificant risk of changes in value due to changing interest rates.

Estimates

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

Adoption of New Accounting Standards

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect of the District's financial statements as a result of the implementation of this standard.

As of June 30, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect of the District's financial statements as a result of the implementation of this standard.

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

The District conformed to all significant statutory constraints on its financial administration for the year ended June 30, 2025.

Note 3 - Budgets and Budgetary Accounting

The budget document is compiled pursuant to the Local Government Budget Act set forth in Chapter 354 of the Nevada Revised Statutes. These statutes have provisions for preparation, filing, notice, public hearing, and adoption in connection with the budgetary process for Nevada local governments. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), as applied to government units. All annual appropriations lapse at fiscal year-end. Budgets are required by law for all governmental fund types and proprietary fund types. Expenditures may not legally exceed budget appropriations at the fund or function level; for proprietary funds, expenditures include operating and non-operating expenses only.

Note 4 - Cash and Investments**Cash and Deposits**

The District maintains one common checking account and a temporary cash investment account for all funds. Detail of cash and cash equivalents at June 30, 2025, is as follows:

Petty cash	\$ 500
Cash in checking	<u>631,345</u>
Total cash	631,845
Held by Douglas County	2,424
Fixed Income Securities	2,133,190
State of Nevada Local Government Investment Pool (valued at NAV)	<u>19,813,677</u>
Total cash and investments and cash and investments - restricted	<u><u>\$ 22,581,136</u></u>

The District's fixed income securities all have investment maturities in 1-5 years.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate of \$250,000, with \$348,714 not covered by FDIC insurance at June 30, 2025.

The District's policy is to voluntarily participate in the Nevada State Collateral Pool for public fund deposits. The collateral pool is administered and monitored by the Nevada State Treasurer's Office. Due to its participation in the Nevada State Collateral Pool, the District's deposits were primarily insured and collateralized.

Pooled Investment Funds

Pooled investment funds consist of cash deposited in the interest-bearing State of Nevada's Local Government Investment Pool. Investments are recorded at fair value. The State of Nevada Local Government Investment Pool is an unrated external investment pool that does not provide information on realized or unrealized gain or loss activity. Accordingly, changes in the investment pool are reflected as net investment income in the accompanying financial statements.

Earnings and realized and unrealized gains and losses are included in the Combined Statement of Revenue, Expenditures and Changes in Fund Balance and the Statement of Revenue, Expenses and Changes in Fund Equity, captioned as investment income.

Interest rate risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. State statute limits investment in bills and notes of the U.S. Treasury, along with obligations of an agency of the U.S. or a corporation sponsored by the U.S. government to those maturing within ten years from the date of purchase. The weighted average maturity of the District’s investments is less than three years.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. The District follows State statute for reducing exposure to investment credit risk by investing in U.S. Agency securities.

The District is invested in the Local Government Investment Pool as of June 30, 2025. The LGIP operates under NRS and is administered by the Office of the State Treasurer. The LGIP invests in securities as allowed by statute. The LGIP is valued at NAV and therefore is not valued according to the hierarchy. At June 30, 2025, the LGIP had a weighted average maturity of 49.5 days. The District is able to withdraw funds on a daily basis and has no outstanding commitments as of June 30, 2025.

The fair value of the pooled investments deposited in the State of Nevada’s Local Government Investment Pool is equal to the value of the pool shares. At June 30, 2025, the carrying amount of \$19,813,677 is recorded at fair value, and the various funds of the Kingsbury General Improvement District in the State of Nevada’s Local Government Investment Pool was approximately 88% of the District’s total cash and investment balance.

The District’s deposits are maintained in recognized pooled investment funds under the care of oversight agencies. The State of Nevada’s Local Government Investment Pool is administered by the Office of the State Treasurer. In addition, the Local Government Investment Pool has an Investment Committee and is subject to annual audits.

Fair Value Measurements

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.

As of June 30, 2025, the District had the following recurring fair value measurements:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Instruments by fair value level				
U.S. agencies	\$ 2,133,190	\$ -	\$ 2,133,190	\$ -
Total investment measured at fair value	\$ 2,133,190	\$ -	\$ 2,133,190	\$ -

The following is a description of the valuation methodologies used by the District for its Level 2 assets:

U.S. agencies – Valued using matrix pricing and market corroborated pricing models.

Note 5 - Fixed Assets

A summary of changes in general fixed assets in the governmental activities follows:

	July 1, 2024	Additions	Deletions/ Transfers	June 30, 2025
Capital assets, being depreciated				
Equipment and vehicles	\$ 1,444,348	\$ 2,568	\$ 11,256	\$ 1,458,172
Office equipment	30,386	621	(131)	30,876
Land	126,482	-	-	126,482
Infrastructure	13,137,008	679	(11,006)	13,126,681
Construction in progress (infrastructure)	276,610	367,248	(119)	643,739
	<u>15,014,834</u>	<u>371,116</u>	<u>-</u>	<u>15,385,950</u>
Total capital assets, being depreciated				
Less accumulated depreciation	<u>(9,096,890)</u>	<u>(442,531)</u>	<u>-</u>	<u>(9,539,421)</u>
	<u>5,917,944</u>	<u>(71,415)</u>	<u>-</u>	<u>5,846,529</u>
Total capital assets, being depreciated, net				
Right to use leased assets, being amortized				
Buildings and improvements	15,594	-	-	15,594
Furniture and equipment	3,223	-	-	3,223
	<u>18,817</u>	<u>-</u>	<u>-</u>	<u>18,817</u>
Total right to use leased assets, being amortized				
Less accumulated amortization	<u>(17,989)</u>	<u>(430)</u>	<u>-</u>	<u>(18,419)</u>
	<u>828</u>	<u>(430)</u>	<u>-</u>	<u>398</u>
Total right to use leased assets, being amortized, net				
Governmental activities capital assets, net	<u>\$ 5,918,772</u>	<u>\$ (71,845)</u>	<u>\$ -</u>	<u>\$ 5,846,927</u>

The General Fund and Snow Removal Special Fund are the sources of funds for the acquisition of general fixed assets.

Kingsbury General Improvement District

Notes to Financial Statements

June 30, 2025

A summary of business-type activities property, plant and equipment for the year ended June 30, 2025 follows:

	July 1, 2024	Additions	Deletions/ Transfers	June 30, 2025
Equipment and vehicles	\$ 5,796,738	\$ 82,008	\$ 199,280	\$ 6,078,026
Infrastructure	62,620,978	1,206,522	1,208,134	65,035,634
Ozone facility	808,433	42,086	-	850,519
Construction in progress	2,758,529	1,474,195	(1,475,324)	2,757,400
	71,984,678	2,804,811	(67,910)	74,721,579
Less accumulated depreciation	(24,754,068)	(1,562,134)	14,021	(26,302,181)
Property, plant, and equipment, net	47,230,610	1,242,677	(53,889)	48,419,398
Right to use leased assets, being amortized				
Buildings and improvements	140,347	-	-	140,347
Furniture and equipment	29,009	-	-	29,009
Total right to use leased assets, being amortized	169,356	-	-	169,356
Less accumulated amortization	(161,931)	(3,874)	-	(165,805)
Total right to use leased assets, being amortized, net	7,425	(3,874)	-	3,551
Business-type activities capital assets, net	\$ 47,238,035	\$ 1,238,803	\$ (53,889)	\$ 48,422,949

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

	Depreciation	Amortization
Governmental activities		
Highways and streets	\$ 379,466	\$ 215
Snow removal	63,065	215
Total depreciation and amortization expense, governmental activities	\$ 442,531	\$ 430
Business-type activities		
Water	\$ 1,463,639	\$ 2,583
Sewer	98,495	1,291
Total depreciation and amortization expense, business-type activities	\$ 1,562,134	\$ 3,874

Note 6 - Compensated Absences

The following schedule summarizes the changes in accrued compensated absences:

Beginning of year	\$ 127,114
Net Change	<u>(56,880)</u>
End of year	<u>\$ 70,234</u>
Due within one year	<u>\$ 64,422</u>

Note 7 - Loans Payable

In November 2007, the District entered into an additional loan contract with the State of Nevada in order to construct projects for the public water system. The maximum amount available from the "Drinking Water State Revolving Fund" is \$3,000,000. Interest on any loan funds disbursed shall accrue at 2.96% and is payable semiannually on January 1st and July 1st of each year. Principal payments shall be made semiannually on January 1st and July 1st, commencing on the January 1st or July 1st immediately following the date the District draws the maximum authorized (i.e., \$3,000,000) under the loan contract, the date the District completes the project, or three years from the date of the initial principal advance under the loan contract, whichever occurs first. In connection with the loan, the District delivered a \$3,000,000 bond to the State Treasurer as collateral in the event of default by the District. The District received a grant to fund 61.9% of the water capital projects and used the loan proceeds to fund 38.1% of the project. As of June 30, 2025, the District had outstanding \$565,695 in loan proceeds, which is the legal amount outstanding.

In June 2010, the District entered into an additional loan contract with the State of Nevada in order to construct projects for the public water system. The maximum amount available from the "Drinking Water State Revolving Fund" is \$3,306,650. Interest on any loan funds disbursed shall accrue at 2.85% and is payable semiannually on January 1st and July 1st of each year. Principal payments shall be made semiannually on January 1st and July 1st, commencing on the January 1st or July 1st immediately following the date the District draws the maximum authorized (i.e., \$3,306,650) under the loan contract, the date the District completes the project, or three years from the date of the initial principal advance under the loan contract, whichever occurs first. In connection with the loan, the District delivered a \$3,306,650 bond to the State Treasurer as collateral in the event of default by the District. The District used the loan proceeds to fund 100% of this project, which is related to the installation of water meters. As of June 30, 2025, the District had outstanding \$1,022,927 in loan proceeds, which is the legal amount outstanding.

Kingsbury General Improvement District

Notes to Financial Statements

June 30, 2025

In March 2012, Kingsbury General Improvement District obtained a low-interest, subsidized loan from the State of Nevada State Revolving Loan Fund (SRF) in an amount not to exceed \$5,000,000. On October 29, 2014, the loan amount was increased to \$11,000,000. Interest on any loan funds disbursed shall accrue at 2.39% and is payable semiannually on January 1st and July 1st of each year. Principal payments shall be made semiannually on January 1st and July 1st, commencing on January 1st or July 1st immediately following the date the District draws the maximum authorized (i.e., \$11,000,000) under the loan contract, the date the District completes the project, or three years from the date of the initial principal advance under the loan contract, whichever occurs first. The loan is secured by a general obligation bond of \$11,000,000 issued to the Nevada State Treasurer in the event of default by the District. This loan will provide 80% funding of the Water Treatment Plant improvements. As of June 30, 2025, the District had drawn the entire loan and outstanding \$5,094,698 in loan proceeds, which is the legal amount outstanding.

In January 2015, Kingsbury General Improvement District obtained an additional low interest subsidized loan from the State of Nevada State Revolving Loan Fund (SRF) in an amount not to exceed \$6,000,000. Interest on any loan funds disbursed shall accrue at 2.28% and is payable semiannually on January 1st and July 1st of each year. Principal payments shall be made semiannually on January 1st and July 1st, commencing on the January 1st or July 1st immediately following the date the District draws the maximum authorized (i.e., \$6,000,000) under the loan contract, the date the District completes the project, or three years from the date of the initial principal advance under the loan contract, whichever occurs first. The loan is secured by a general obligation bond of \$6,000,000 issued to the Nevada State Treasurer and is recorded in the water utility fund in the event of default by the District. The loan, which supplements the 2012 loan, will fund approximately 80% of the Water Treatment Plant improvements. As of June 30, 2025, the District had drawn the entire loan and outstanding \$3,466,532 in loan proceeds, which is the legal amount outstanding.

The following schedule summarizes the changes in long-term debt:

<u>Direct Borrowings</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
State of Nevada					
\$3,000,000	\$ 780,592	\$ -	\$ (214,897)	\$ 565,695	\$ 221,304
\$3,306,650	1,210,710	-	(187,783)	1,022,927	193,173
\$11,000,000	5,755,783	-	(661,085)	5,094,698	676,981
\$6,000,000	3,771,900	-	(305,368)	3,466,532	312,369
	<u>\$ 11,518,985</u>	<u>\$ -</u>	<u>\$ (1,369,133)</u>	<u>\$ 10,149,852</u>	<u>\$ 1,403,827</u>

Kingsbury General Improvement District

Notes to Financial Statements

June 30, 2025

The annual requirements to amortize the existing balances drawn on the loans are as follows:

Fiscal Years Ending June 30,	Direct Borrowings		
	Principal	Interest	Total
2026	\$ 1,403,827	\$ 237,915	\$ 1,641,742
2027	1,439,409	202,331	1,641,740
2028	1,357,694	165,837	1,523,531
2029	1,271,635	133,684	1,405,319
2030	1,302,817	259,091	1,561,908
2031-2035	3,374,470	6,563	3,381,033
	<u>\$ 10,149,852</u>	<u>\$ 1,005,421</u>	<u>\$ 11,155,273</u>

Interest expense totaled \$255,444 for the year ended June 30, 2025.

Note 8 - GASB 87 Leases

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses the US Treasury monthly average rate at the beginning of the fiscal year based on the term length with an adjustment for the risk-free rate. The lease term included the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported as right to use along with other capital assets. Lease liabilities are reported with debt on the statement of net position.

The District has entered into an agreement to lease office equipment with initial terms of 60 months. The lease terminates May 2026. During the year, the District recorded \$4,386 in amortization expenses and \$123 in interest expense. The District used a discount rate of 2% based on the US Treasury monthly average rate based on the term length as described above.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 4,099	\$ 35	\$ 4,134

Long-term lease liability activity is summarized as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
Equipment	\$ 8,485	\$ -	\$ (4,386)	\$ 4,099

Note 9 - Segment Information for Enterprise Funds

The District maintains two Enterprise Funds which provide water and sewer services. Segment information is detailed in the basic financial statements on pages 22-26.

Note 10 - Pensions

General Information About the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

Vesting

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

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

Contributions

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

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

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

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

For the fiscal years ended June 30, 2025 **and 2024**, the Statutory Employer/employee matching rate was 19.25% and 17.50%, respectively, for Regular employees. The Employer-pay contribution (EPC) rate was 36.75% and 33.50%, respectively, for June 30, 2025 **and 2024** for Regular employees.

The District’s contributions were \$168,686 for the year ended June 30, 2025.

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 adopted policy target asset allocation as of June 30, 2024:

Asset Class	Target Allocation	Long-Term Geometric Expected Rate of Return*
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets**	12%	6.65%

*As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

**As of June 30, 2024, the private markets allocation includes 6% private real estate and 6% private equity.

Net Pension Liability

At June 30, 2025, the District reported a liability 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 of \$1,921,901 was based on the District’s share of contributions to the PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2024, the District’s proportion was 0.01064 percent, which was a decrease of 0.00070 percent from its proportion measured as of June 30, 2023.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2025, calculated using the discount rate of 7.25%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Net pension liability	\$ 3,090,706	\$ 1,921,901	\$ 957,688

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Comprehensive Financial Report ("ACFR"), available on the PERS website. Additional information supporting the schedule of employer allocations and the schedule of pension amounts by employer is located in the PERS ACFR.

Actuarial Assumptions

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

Inflation	2.50%
Payroll growth	3.50%
Investment rate of return/discount rate	7.25%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2024 funding actuarial valuation

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

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

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

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

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of the experience study issued September 10, 2021.

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 that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

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

For the year ended June 30, 2025, the District recognized pension expense of \$155,467. Amounts resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 407,732	\$ -
Changes of assumptions	124,015	-
Net difference between projected and actual investment earnings on pension plan investments	-	189,335
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,832	198,666
Contributions subsequent to the measurement date	168,686	-
	<u>\$ 747,265</u>	<u>\$ 388,001</u>

The \$168,686 reported as deferred outflows of resources related to pensions, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 5.64 years.

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

<u>Fiscal Years Ending June 30,</u>	
2025	\$ 8,652
2026	208,924
2027	(13,189)
2028	(33,515)
2029	<u>19,706</u>
	<u>\$ 190,578</u>

Additional Information – Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Financial Report (ACFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 11 - Other Post-Employment Retirement Obligation (OPEB)

Plan Description and Eligibility

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

Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. The statutes were revised effective of November 30, 2008, to create new participation limitations so that only active members of PEBP can elect coverage after retirement. Based on the statute revision, former employees and retirees must have retired and joined PEBP by September 1, 2008, to elect PEBP membership unless the District is currently utilizing PEBP's as its health insurance provider.

Benefits provided

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

Employees covered by benefit terms

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to, but not yet receiving benefit payments	-
Active plan members	4
	4
	7

Contributions

Per NRS 287 contribution requirements of the participating entities and covered employees are established and may be amended by the PEBP Board. The Boards' contractually required contribution for the year ended June 30, 2025 was \$15,927, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability of \$422,795 was measured as of June 30, 2025.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increases	3.00%, including inflation
Health care trend rates	9.30% in 2026, fluctuating down to 3.90% by 2075
Retiree's share of benefit-related costs	All retirees currently covered by the PEBP are assumed to retain their existing election until death

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

Mortality rates were based on Pub-2010 mortality table for males and females projected 18 years; this assumption does not include a margin for future improvements in longevity.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study issued September 2021.

Kingsbury General Improvement District

Notes to Financial Statements

June 30, 2025

Changes in the Total OPEB Liability:

Balance, June 30, 2024	\$ 640,356
Changes for year	
Service cost	18,669
Interest	25,587
Differences between expected and actual experience	(186,065)
Changes in assumptions or other inputs	(59,825)
Benefit payments	<u>(15,927)</u>
Net changes	<u>(217,561)</u>
Balance, June 30, 2025	<u><u>\$ 422,795</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	1% Decrease in Discount Rate <u>4.20%</u>	Discount Rate <u>5.20%</u>	1% Increase in Discount Rate <u>6.20%</u>
Net OPEB liability	\$ 471,861	\$ 422,795	\$ 381,727

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

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

	1% Decrease	Health Care Cost Trend Rates	1% Increase
Net OPEB liability	\$ 377,397	\$ 422,795	\$ 477,361

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

For the year ended June 30, 2025, the District recognized an OPEB benefit of \$16,387. The table below shows deferred resources as of the year ended June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 119,544
Differences between expected and actual experience	44,805	164,924
	<u>\$ 44,805</u>	<u>\$ 284,468</u>

Future recognition of these deferred resources is shown below:

<u>Fiscal Years Ending June 30,</u>	
2026	\$ (73,414)
2027	(105,136)
2028	(60,621)
2029	(492)
2030	-
	<u>\$ (239,663)</u>

Note 12 - Commitments

On Sept. 17, 2024, the District extended Summit Plumbing’s existing contract with five-year Sanitary Sewer System Service Contract with a contract period of Oct. 1, 2024, through Sept. 30, 2029, in the amount of \$765,269 with approved hourly rates for force account work. As of June 30, 2025, the District incurred \$131,443 for this work.

On June 13, 2023, the District approved an Agreement for Legal Services with Minden Lawyers, LLC. For a term of three (3) years commencing July 1, 2023, with a monthly retainer amount payable of \$2,500 and an hourly rate of \$310/hr. As of June 30, 2025, the District incurred \$64,119 for this work.

On Sept. 20, 2022, the District approved a three-year Snow Removal Contract with Manchester Enterprises, Inc. on a time and material basis with minimum guaranteed annual payments of \$315,000 for fiscal year 2022/2023, \$250,000 for fiscal year 2023/2024, \$250,000 for fiscal year 2024/2025, plus any fuel surcharges. The contract period is September 1, 2022, through August 31, 2025, with optional annual extensions with minimum annual payments of \$235,000. As of June 30, 2025, the District incurred \$384,905 for this work.

On April 20, 2021, the District approved an IT management contract with Pac States Integrated Business Technology for services related to IT management service office server/computers, backup etc. with a monthly amount payable of \$1,132 and a onetime setup fee \$1,755. In December 2021 the monthly amount payable increased to \$1,223 to include email security and then 6/2025 increase to \$1,246 to include web version of Office apps. As of June 30, 2025, the District incurred \$15,873 for this work.

On June 22, 2021, the District approved an employment contract with the General Manager, Mitchell S. Dion, for a term of three (3) years beginning July 26, 2021, and ending June 30, 2024. On August 15, 2023, the District approved a 5% percent increase in salary and then on September 19,2023 extended his contract to June 30,2025. On January 17, 2025, Dion retired from his position. As of January 17, 2025, the General Manager salary is \$116,878.

On May 22, 2025, the District approved an employment contract with the General Manager, Derrek Dornbrook for a term of three (3) years beginning May 1, 2025, and ending April 30, 2028. As of June 30, 2025, the District incurred \$22,982 for this work.

On June 15, 2021, the District approved an engineering services agreement with Dowl Engineering for services related to Sewer Master Plan for an amount not to exceed \$172,500 As of June 30, 2025, the District incurred \$128,581 for this work.

On December 13, 2022, the District approved a professional services agreement with Resource Concepts Inc. for services related to Pump Station 3 Rehabilitation for an amount not to exceed \$24,500 As of June 30, 2025, the District incurred \$8,123 for this work.

On March 21, 2023, the District approved an engineering services agreement with DOWL Engineering for services related to Market Street Lift Station Repairs and Renovation for an amount not to exceed \$113,000 As of June 30, 2025, the District incurred \$13,527 for this work.

On April 18, 2023, the District approved an audit proposal for audit services for the fiscal year ending June 30, 2023, 2024, and 2025 (with possible two one-year extensions) in the amounts of \$50,000, respectively for each of the three fiscal years and reimbursement of necessary out of pocket expenses amounts for travel and other expenditures in accordance with the proposal. As of June 30, 2025, the District incurred \$55,660 for this work.

On June 13, 2023, the District approved an award of a construction contract to Group West Construction Inc for the 160 Pine Ridge Building Renovation and Repair in an amount not to exceed \$2,349,067. On November 14,2023, the District approved change orders for bay doors and siding repairs in the amount of \$23,264. Then on April 16, 2024, the District approved window and door replacements in the amount of \$72,509, which brings the total not to exceed \$2,444,840. As of June 30, 2025, the District incurred \$2,474,839 for this work.

On July 18, 2023, the District approved an engineering services agreement with DOWL Engineering for services related to 2024 Waterline and Road Repair and Renovation Project for an amount not to exceed \$365,042 As of June 30, 2025, the District incurred \$263,884 for this work.

On July 18, 2023, the District approved an engineering services agreement with Eastern Sierra Engineering for services related to 2024 Waterline and Road Repair and Renovation Project for an amount not to exceed \$112,234. As of June 30, 2025, the District incurred \$83,543 for this work.

On September 19, 2023, the District approved an engineering services agreement with DOWL Engineering for services related to Ponderosa MHP Water System for an amount not to exceed \$322,069. As of June 30, 2025, the District incurred \$336,716 for this work.

On September 19, 2023, the District approved an imaging contract and services agreement with Precision Document Imaging for services related to scan documents, index and shred approx. 200 boxes, and document storage access for an amount not to exceed \$132,605. As of June 30, 2025, the District incurred \$31,445 for this work.

On November 14, 2023, the District approved professional service with Eastern Sierra for services related to Stormwater Masterplan for an amount not to exceed \$4,000. As of June 30, 2025, the District had not incurred any costs for this work.

On February 20, 2024, the District approved a procurement contract with Western Nevada Supply for services related to FY 2023-2024 Waterline Replacement Material for an amount not to exceed \$718,923. As of June 30, 2025, the District incurred \$720,425 for this work.

On April 9, 2024, the District awarded a construction contract with Aspen Developers Corporation for the 2024-2025 Water Main Replacement Project for an amount not to exceed \$4,195,665. Then on July 16, 2024, the District approved an additional amount of \$52,560 to include previous years project not completed asphalt sealing & coating bringing the amount to a total of \$4,248,225. As of June 30, 2025, the District incurred Ponderosa MHP \$1,789,783 and Tramway & Tina \$1,331,049 for this work.

On May 21, 2024, the District approved a services agreement with Jacobs Engineering for services related to On Call Treatment Plant Scada for an amount not to exceed \$25,000. Then on July 16, 2024, the District approved an additional amount of \$75,000 for this service bringing the amount to a total of \$100,000. As of June 30, 2025, the District incurred \$27,103 for this work.

On June 18, 2024, the District approved an engineering services agreement with DOWL Engineering for services related to FY 25/26 Waterline Replacement Project for an amount not to exceed \$975,556. As of June 30, 2025, the District incurred \$297,762 for this work.

On June 18, 2024, the District approved an engineering services agreement with DOWL Engineering for services related to FY 25/26 Road Surface Repair and Renovation Project for an amount not to exceed \$328,217. As of June 30, 2025, the District incurred \$115,855 for this work.

On September 17, 2024, the District approved a Geotech services agreement with Eastern Sierra Engineering for services related to FY 25-26 Waterline and Road Improvement Project for an amount not to exceed \$99,020. As of June 30, 2025, the District incurred \$56,708 for this work.

On September 17, 2024, the District approved permit and design agreement with RPM for services related to Equipment & Storage Facility at the Operations Yard for an amount not to exceed \$59,500. As of June 30, 2025, the District incurred \$47,600 for this work.

On September 17, 2024, the District approved sprung structure materials with Sprung Structure for services related to Equipment & Storage Facility at the Operations Yard for an amount not to exceed \$409,235. As of June 30, 2025, the District incurred \$3,500 for this work.

On September 17, 2024, the District approved sprung structure construction with JT2 Construction for services related to Equipment & Storage Facility at the Operations Yard for an amount not to exceed \$557,730. As of June 30, 2025, the District had not incurred any cost for this work.

On December 17, 2024, the District approved a Proposal with Summit Plumbing for services related to Holly Lane Water Line Replacement for an amount not to exceed \$38,000. As of June 30, 2025, the District had not incurred any costs for this work.

On April 15, 20225, the District approved an award of a construction contract to Sierra Nevada Construction for the FY25 Road Replacement & Rehabilitation Project in an amount not to exceed \$1,814,007. As of June 30, 2025, the District had not incurred any costs for this work.

On June 17, 20225, the District approved an integration proposal with Springbrook Holding Company LLC for Springbrook Finance Software in an amount not to exceed \$73,580. As of June 30, 2025, the District had not incurred any costs for this work.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.01064%	0.01134%	0.01238%	0.01160%	0.01198%	0.01221%	0.01294%	0.01250%	0.01317%	0.01316%
Proportionate share of the net pension liability	\$ 1,921,901	\$ 2,069,666	\$ 2,234,758	\$ 1,057,619	\$ 1,668,873	\$ 1,665,356	\$ 1,765,366	\$ 1,662,494	\$ 1,772,738	\$ 1,508,376
Covered payroll	900,901	869,887	904,667	819,712	844,434	829,092	858,662	794,412	791,013	784,199
Proportionate share of the net pension liability as a percentage of its covered payroll	213.33%	237.92%	247.03%	129.02%	197.63%	200.87%	222.22%	209.27%	224.11%	192.35%
Plan fiduciary net position as a percentage of the total pension liability	78.11%	76.16%	75.12%	86.51%	77.04%	76.46%	75.24%	74.40%	72.23%	75.10%

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

Notes to schedule:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment rate of return/Discount rate	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%
Productivity pay increase	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%
Projected salary increase*	4.20% to 9.10%	4.20% to 9.10%	4.20% to 9.10%	4.20% to 9.10%	4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.25% to 9.15%	4.60% to 9.75%	4.60% to 9.75%
Consumer price index	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
	<u>2024 - 2021</u>			<u>2020 - 2017</u>				<u>2016 - 2015</u>		
Mortality rates Healthy**	Pub-2010 General and Safety Healthy Retiree and Employee			Headcount-Weighted RP-2014 Healthy				RP-2000 Combined Healthy Mortality Table		
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted			Headcount-Weighted RP-2014 Healthy				RP-2000 Combined Disabled Mortality Table		
Current beneficiaries**	Pub-2010 Contingent Survivor and General Employee			Headcount-Weighted RP-2014 Healthy				N/A		
Pre-retirement**	Employee Pub-2010 General and Safety Employee			Headcount-Weighted RP-2014 Healthy				N/A		
Future mortality improvement	Generational Projection Scale MP-2020			6 years				N/A		

* Depending on service. Rates include inflation and productivity increases.
**Amount-Weighted Above-Median.

Kingsbury General Improvement District
 Schedule of Contributions – Pension
 Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 168,686	\$ 152,969	\$ 131,459	\$ 136,212	\$ 121,388	\$ 124,866	\$ 117,570	\$ 119,906	\$ 116,004	\$ 93,741
Contributions in relation to the contractually required contribution	(168,686)	(152,969)	(131,459)	(136,212)	(121,388)	(124,866)	(117,570)	(119,906)	(116,004)	(93,741)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 979,075	\$ 900,901	\$ 869,887	\$ 904,667	\$ 819,172	\$ 844,434	\$ 829,092	\$ 858,662	\$ 794,412	\$ 791,013
Contributions as a percentage of covered payroll	17.23%	16.98%	15.11%	15.06%	14.82%	14.79%	14.18%	13.96%	14.60%	11.85%

Kingsbury General Improvement District

Schedule of Funding Progress – OPEB

June 30, 2025

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
June 30, 2025	\$ -	\$ 422,795	\$ 422,795	0.00%	\$ 382,436	110.55%
June 30, 2024	-	640,356	640,356	0.00%	325,201	196.91%
June 30, 2023	-	637,231	637,231	0.00%	374,124	170.33%
June 30, 2022	-	695,507	695,507	0.00%	404,854	171.79%
June 30, 2021	-	817,127	817,127	0.00%	558,847	146.22%
June 30, 2020	-	505,633	505,633	0.00%	437,302	115.63%
June 30, 2019	-	425,432	425,432	0.00%	503,544	84.49%
June 30, 2018	-	375,156	375,156	0.00%	710,271	52.82%

Kingsbury General Improvement District
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Service costs	\$ 18,669	\$ 19,298	\$ 22,564	\$ 30,246	\$ 23,845	\$ 18,444	\$ 16,268	\$ 14,814
Interest	25,587	23,652	25,090	18,101	11,508	15,464	14,939	13,362
Differences between expected and actual experience	(186,065)	-	(65,843)	-	343,516	-	11,214	28,542
Changes in assumptions or other inputs	(59,825)	(22,767)	(21,462)	(151,263)	(49,855)	52,928	18,636	4,418
Benefit payments	(15,927)	(17,058)	(18,625)	(18,704)	(17,520)	(6,635)	(10,781)	(10,438)
Net Change in Total OPEB Liability	(217,561)	3,125	(58,276)	(121,620)	311,494	80,201	50,276	50,698
Total OPEB Liability - Beginning	640,356	637,231	817,127	817,127	505,633	425,432	375,156	324,458
Total OPEB Liability - Ending	<u>\$ 422,795</u>	<u>\$ 640,356</u>	<u>\$ 758,851</u>	<u>\$ 695,507</u>	<u>\$ 817,127</u>	<u>\$ 505,633</u>	<u>\$ 425,432</u>	<u>\$ 375,156</u>
Covered-Employee Payroll	\$ 382,436	\$ 325,201	\$ 374,124	\$ 404,854	\$ 558,847	\$ 437,302	\$ 503,544	\$ 710,271
Total OPEB Liability as A Percentage of Covered-Employee Payroll	110.55%	196.91%	202.83%	171.79%	146.22%	115.63%	84.49%	52.82%

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

Supplementary Information
June 30, 2025

Kingsbury General Improvement District

Kingsbury General Improvement District
Schedule of Capital Assets by Sources
June 30, 2025

Governmental Fund Capital Assets	
Equipment and vehicles	\$ 1,458,172
Office equipment	30,876
Land	126,482
Infrastructure	13,126,681
Construction in progress (infrastructure)	<u>643,739</u>
Total Governmental Fund Capital Assets	<u><u>\$ 15,385,950</u></u>
Investment in Governmental Funds Capital Assets by Source	
General Fund	\$ 14,406,235
Special Revenue Fund	<u>979,715</u>
Total Governmental Fund Capital Assets	<u><u>\$ 15,385,950</u></u>

Kingsbury General Improvement District
 Capital Assets used in the Operations of Governmental Funds by Function and Activity
 June 30, 2025

Function and Activity	Equipment and Vehicles	Office Equipment	Land	Infrastructure	Construction in Progress (Infrastructure)	Total
Streets and Highways	\$ 850,458	\$ 21,233	\$ 32,558	\$ 11,796,047	\$ 569,154	\$ 13,269,450
Snow Removal	607,714	9,643	93,924	193,849	74,585	979,715
Erosion Control	-	-	-	1,136,785	-	1,136,785
Total Governmental Fund Capital Assets	\$ 1,458,172	\$ 30,876	\$ 126,482	\$ 13,126,681	\$ 643,739	\$ 15,385,950

Kingsbury General Improvement District

Changes in Capital Assets used in the Operations of Governmental Funds by Function and Activity
Year Ended June 30, 2025

<u>Function and Activity</u>	Governmental Funds Capital Assets July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Governmental Funds Capital Assets June 30, 2025
Streets and Highways	\$ 12,906,199	\$ 363,251	\$ -	\$ 13,269,450
Snow Removal	971,850	7,865	-	979,715
Erosion Control	1,136,785	-	-	1,136,785
Total Governmental Funds Capital Assets	<u>\$ 15,014,834</u>	<u>\$ 371,116</u>	<u>\$ -</u>	<u>\$ 15,385,950</u>

Kingsbury General Improvement District
Statement of Revenue and Expenses – Budget and Actual – Sewer Utility Fund
Year Ended June 30, 2025
(with Comparative Totals for Year Ended June 30, 2024)

	Budget	2025 Actual	Variance	2024 Actual
Operating Revenue				
Sewer use fees	\$ 1,870,298	\$ 1,847,379	\$ (22,919)	\$ 1,841,822
Connection fees and other revenue	9,200	23,129	13,929	62,427
Total operating revenue	<u>1,879,498</u>	<u>1,870,508</u>	<u>(8,990)</u>	<u>1,904,249</u>
Operating Expenses				
Salaries and wages	216,570	166,853	49,717	159,600
Employee benefits	138,121	58,020	80,101	88,601
Services and supplies	1,802,340	1,534,865	267,475	1,452,031
Depreciation/amortization	62,176	99,786	(37,610)	85,080
Total operating expenses	<u>2,219,207</u>	<u>1,859,524</u>	<u>359,683</u>	<u>1,785,312</u>
Operating Income	(339,709)	10,984	350,693	118,937
Nonoperating Income				
Interest income	176,809	185,727	8,918	211,568
Gain (loss) on disposal of assets	-	-	-	-
Interest expense	-	(37)	(37)	(240)
Total nonoperating income	<u>176,809</u>	<u>185,690</u>	<u>8,881</u>	<u>211,328</u>
Change in Net Position	<u>\$ (162,900)</u>	<u>\$ 196,674</u>	<u>\$ 359,574</u>	<u>\$ 330,265</u>

Kingsbury General Improvement District
Statement of Cash Flows – Budget and Actual – Sewer Utility Fund
Year Ended June 30, 2025
(with Comparative Totals for Year Ended June 30, 2024)

	Budget	2025 Actual	Variance	2024 Actual
Operating Activities				
Cash received from customers	\$ 1,879,498	\$ 1,883,630	\$ 4,132	\$ 1,863,653
Cash paid to employees	(354,691)	(242,962)	111,729	(228,058)
Cash paid to suppliers	(1,802,340)	(1,637,572)	164,768	(1,375,274)
Net Cash from (used for) Operating Activities	(277,533)	3,096	280,629	260,321
Capital and Related Financing Activities				
Capital expenditures	(520,000)	(24,230)	495,770	(937,661)
Principal payments of lease liabilities	-	(1,316)	(1,316)	(13,134)
Interest/amortization paid on long-term debt	-	(37)	(37)	(240)
Net Cash used for Capital and Related Financing Activities	(520,000)	(25,583)	494,417	(951,035)
Investing Activities				
Interest on investments	176,809	185,727	8,918	211,568
Net Change in Cash and Cash Equivalents	(620,724)	163,240	783,964	(479,146)
Cash and Cash Equivalents, Beginning of Year	4,196,298	4,300,762	104,464	4,779,908
Cash and Cash Equivalents, End of Year	\$ 3,575,574	\$ 4,464,002	\$ 888,428	\$ 4,300,762

Kingsbury General Improvement District
Statement of Revenue and Expenses – Budget and Actual – Water Utility Fund
Year Ended June 30, 2025
(with Comparative Totals for Year Ended June 30, 2024)

	Budget	2025 Actual	Variance	2024 Actual
Operating Revenue				
Water fees	\$ 4,766,462	\$ 4,908,422	\$ 141,960	\$ 4,801,300
Connection fees	97,800	10,200	(87,600)	107,250
Other revenue	25,350	43,532	18,182	-
Total operating revenue	4,889,612	4,962,154	72,542	4,908,550
Operating Expenses				
Salaries and wages	839,706	678,382	161,324	631,770
Employee benefits	515,792	226,574	289,218	359,867
Services and supplies	1,282,531	1,052,762	229,769	832,889
Depreciation/amortization	1,366,871	1,466,222	(99,351)	1,403,796
Total operating expenses	4,004,900	3,423,940	580,960	3,228,322
Operating Income	884,712	1,538,214	653,502	1,680,228
Nonoperating Revenue (Expenses)				
Interest income	345,198	220,238	(124,960)	377,820
Gain on disposal of assets	-	(53,889)	(53,889)	(5,715)
Interest expense	(272,609)	(264,690)	7,919	(300,544)
Total nonoperating revenue (expenses)	72,589	(98,341)	(170,930)	71,561
Income Before Capital Contributions	957,301	1,439,873	482,572	1,751,789
Capital Grants	2,350,000	962,213	(1,387,787)	1,277,745
Change in Net Position	\$ 3,307,301	\$ 2,402,086	\$ (905,215)	\$ 3,029,534

Kingsbury General Improvement District
Statement of Cash Flows – Budget and Actual – Water Utility Fund
Year Ended June 30, 2025
(with Comparative Totals for Year Ended June 30, 2024)

	Budget	2025 Actual	Variance	2024 Actual
Operating Activities				
Cash received from customers	\$ 4,889,612	\$ 4,934,244	\$ 44,632	\$ 4,871,251
Cash paid to employees	(1,355,498)	(970,723)	384,775	(932,568)
Cash paid to suppliers	(1,282,531)	(1,379,590)	(97,059)	(521,227)
Net Cash from Operating Activities	2,251,583	2,583,931	332,348	3,417,456
Capital and Related Financing Activities				
Capital expenditures	(11,611,589)	(2,780,581)	8,831,008	(5,080,394)
Proceeds from capital grants	6,100,000	2,218,912	(3,881,088)	-
Principal payments of long-term debt	(1,369,133)	(1,369,133)	-	(1,335,305)
Principal payments of lease liabilities	-	(2,632)	(2,632)	(26,267)
Interest/amortization paid on long-term debt	(272,609)	(272,683)	(74)	(300,763)
Net Cash used for Capital and Related Financing Activities	(7,153,331)	(2,206,117)	4,947,214	(6,742,729)
Investing Activities				
Interest on investments	345,198	220,238	(124,960)	377,820
Net Change in Cash and Cash Equivalents	(4,556,550)	598,052	5,154,602	(2,947,453)
Cash and Cash Equivalents, Beginning of Year	5,827,691	6,005,639	177,948	8,953,092
Cash and Cash Equivalents, End of Year	<u>\$ 1,271,141</u>	<u>\$ 6,603,691</u>	<u>\$ 5,332,550</u>	<u>\$ 6,005,639</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
Kingsbury General Improvement District
Stateline, 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, business-type activities and fund information of the Kingsbury 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 November 26, 2025.

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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

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

Reno, Nevada
November 26, 2025

**2025-001 Internal Control over the Preparation of Financial Statements
Material Weakness**

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process, including any adjustments necessary.
<i>Condition:</i>	The District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures in accordance with generally accepted accounting principles, including recording necessary journal entries and ensuring all amounts are properly recorded. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements, and record cash to accrual conversion entries. Although this circumstance is not unusual for an organization of your size, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by Division personnel. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
<i>Cause:</i>	Procedures have not been implemented to ensure District personnel possess the experience to prepare the District's full disclosure financial statements in accordance with generally accepted accounting principles, including ensuring that all necessary adjustments are recorded and amounts are properly recorded.
<i>Effect:</i>	The financial statements and related financial statement disclosures have been prepared by the independent auditors.
<i>Recommendation:</i>	We recommend that the District enhance internal controls over financial reporting that would allow for District personnel to prepare the District's full disclosure financial statements in accordance with generally accepted accounting principles, including ensuring that all necessary adjustments are recorded and amounts are properly recorded.
<i>Views of Responsible Officials:</i>	Management agrees with the finding.



Auditors' Comments

To the Board of Trustees
Kingsbury General Improvement District
Stateline, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, and fund information of the Kingsbury 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. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes, insofar as they relate to accounting matters.

Current Year Statute Compliance

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

Progress on Prior Year Statute Compliance

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

Current Year Recommendations

See the schedule of findings and responses for current year recommendations.

Progress on Prior Year Recommendations

Finding 2024-001 reported for the year ended June 30, 2024, continues as finding 2025-001 in the current year.

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

Reno, Nevada
November 26, 2025