



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY: DEPARTMENT OF ACCOUNTING & FINANCE







# WELCOME

Welcome to the Incline Village General Improvement District (District) stewardship commentary for Fiscal Year 2009/2010. Fortunately, through transparent long term planning which was introduced in 2001, the District's unique collaborative partnership of five elected Board of Trustees, parcel owners, residents, tourist and its' valuable employee assets, we have weathered a multitude of economic challenges. The result has been the development of a 'New Normal' resilient government which has moved beyond just being sustainable from year to year, but pliant to frequent economic changes. Through transparent long term planning, targeted reserve balances were available, when needed, for regulatory building requirement construction. And most importantly, the District has been able to maintain consistent customer service levels in the face of customer's disposable income challenges.

Our vision, mission and value statements stress the consequential outcome of a village working together, which welcomes a quality of life standard in sync with our environmentally vulnerable mountain lake surroundings. We extend an invitation for all to join us, whether in work, recreation, visiting or investing, at the 8<sup>th</sup> Wonder of the World - Incline Village and Crystal Bay at Lake Tahoe. The collaborative coalition we benefit from, with our community partners, is the strategic fundamental which has led to providing exceptional services and programs while building a 'New Normal' resilient financially strong District.

These qualities connect Incline Village, Crystal Bay and the District into a passionate community that loves the mountains and Lake Tahoe and looks forward to sharing them with you.

William B. Horn  
General Manager

## STATEMENTS

### IVGID'S VISION STATEMENT

"With passion for quality of life and our environment, we will maintain the reputation of our Community as an excellent place to live, work, recreate, visit, and invest."

### IVGID'S MISSION STATEMENT

"Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

### IVGID'S VALUE STATEMENT

"We are dedicated people providing quality service, for our community and environment, with integrity and teamwork."

### IVGID'S MANTRA STATEMENT"

One District ~ One Team

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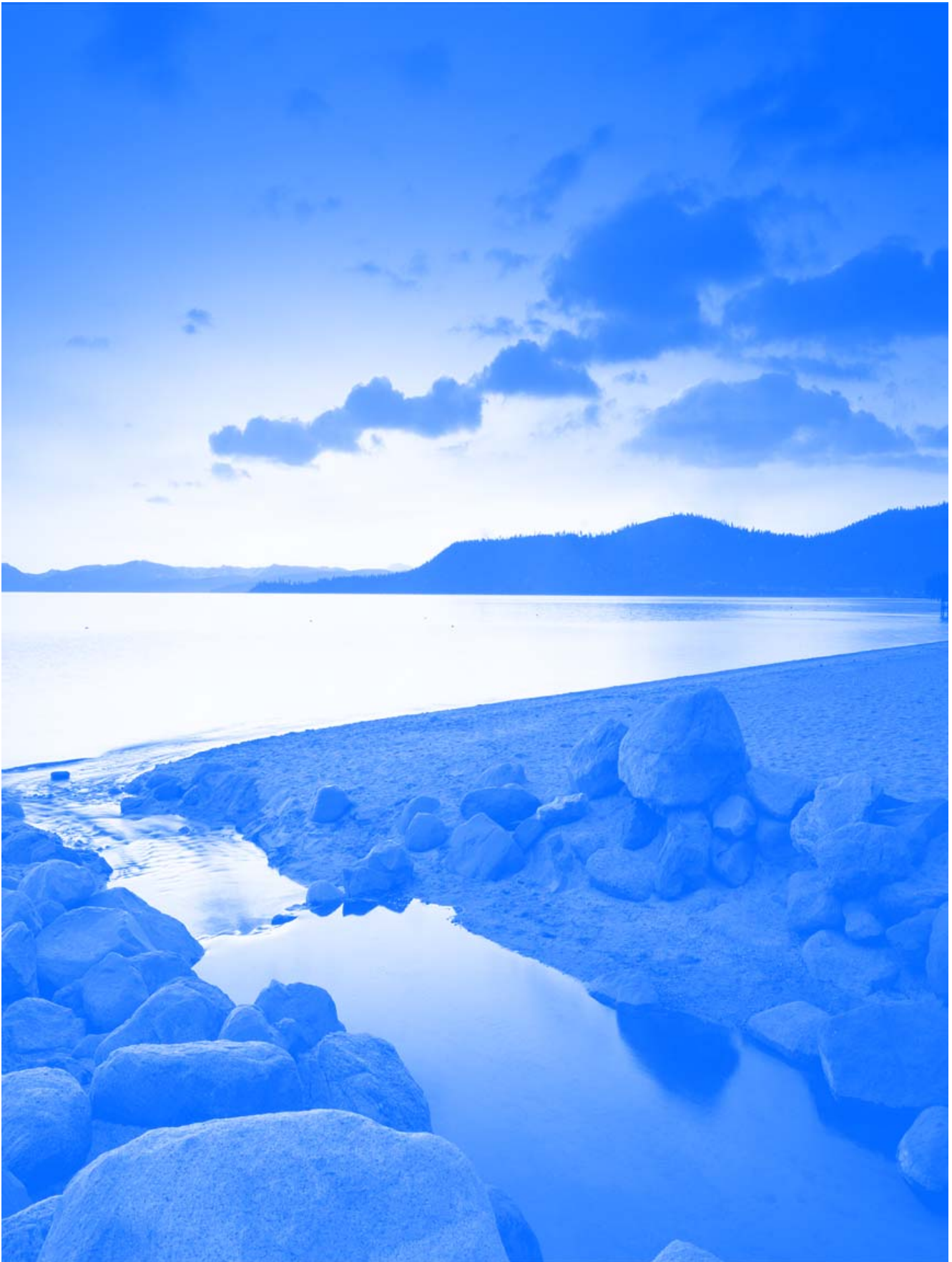
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# INTRODUCTION





December 27, 2010

**Citizens  
Board of Trustees  
Incline Village General Improvement District**

The Incline Village General Improvement District (the District) submits to you our Comprehensive Annual Financial Report (the Report) for the year ended June 30, 2010. The Finance and Accounting Department publishes the Report to provide financial and general information about the District to members of the Incline Village/Crystal Bay community, customers, investment community, and general public. The data presented is designed to help the readers assess the financial condition of the District and to understand the services that the District provides to the Incline Village/Crystal Bay community. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control. Since the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable assurance, rather than absolute assurance, that the financial statements are free of any material misstatements.

State law requires that each local government publish, within five months of the close of each fiscal year, an annual audit of all of its financial statements. The audit must be presented at a meeting of the governing body held not more than 30 days after the report is submitted. Also, the report must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with United States Generally Accepted Auditing Standards by a firm of licensed certified public accountants. We hereby issue the Comprehensive Annual Financial Report of the Incline Village General Improvement District.

The District's financial statements are audited by Barnard, Vogler & Co. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluate the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The unqualified Independent Auditors' Report appears in the Financial Section.

The independent audit of the District's financial statements was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirement involving the administration of the federal awards. These reports are in the Compliance Section.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

**Profile of the District**

The District was formed in 1961 in accordance with the State of Nevada's Revised Statutes, Chapter 318, pertaining to General Improvement District Law as a body corporate and public and a quasi-municipal corporation in the State of Nevada. The District is located on the northeast corner of Lake Tahoe, in the Sierra Nevada Mountains, and occupies a land area of approximately 15.36 square miles and serves a base population of approximately 10,500 residents. The District provides, in accordance with the enabling legislation, water, waste water, and trash services within its boundaries as well as various recreational amenities including downhill skiing, two golf courses, a multi-use recreation center, tennis facilities, meeting facilities, parks, recreation programs, beaches, playgrounds and other recreation-related facilities. The District serves approximately 4,200 water/sewer customers, accommodates over 100,000 skiers, 37,000 golfers, and 128,000 beach users, and oversees a variety of other activities including over 125,000 visits to the Recreation Center annually.

## **District Management**

A five-person elected Board of Trustees, with 4-year terms, governs the District. Every other year, two or three of the trustee terms expire and are up for election. At the end of December 2010, two of the five trustee terms are up. Upon being elected, the trustees assumed office on January 1 or the first board meeting of the new year. The District has benefited from stability of leadership and experience. The senior management team, lead by District General Manager William B. Horn, has made a commitment to quality services, expanding services, and continues to upgrade and maintain the aging infrastructure of the District. Over the last eight years, over \$26,000,000 in newly renovated recreational infrastructure such as the Championship golf course, a new community center (Chateau), four tournament tennis courts to our tennis complex, a new high speed quad chairlift and remodeled lodge at our ski resort have come to fruition. The last five fiscal years saw the replacement of and refurbishment of the effluent export pipe line. Phase 1 was completed in the fall of 2006. Phase 2 construction took place during 2007. Phase 3 was completed by June 2008. Phase 4 was completed in June 2009. The final portion including the Spooner Summit Pump Station was scheduled for 2010, but will be performed in 2011. Through the leadership of our Director of Public Works and the Engineering Team, we executed a Project Cooperation Agreement with the United States Army Corps of the Engineers to secure federal "Section 595 Program" to fund seventy-five percent of the effluent pipe line project costs.

The District adheres to the Local Government Budget Act incorporated within Nevada Revised Statutes, which includes the following major procedures to establish the budgetary data reflected in these financial statements. On or before April 15, 2009, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held on the third Thursday in May. On or May 21, 2009, at a public hearing, the Board adopted a final budget for the year ended June 30, 2010. The budget was filed with the Nevada Department of Taxation.

Budgets are adopted on a basis consistent with GAAP for all funds. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Budgets are adopted for all governmental and proprietary fund types. The governmental fund type budgets are adopted on a modified accrual basis and the proprietary funds type budgets are adopted on an accrual basis. The District can amend or augment the budget after following state statutes and public hearing procedures.

## **District Accomplishments and Initiatives**

The District continued with updating the District Strategic Management Plan and accomplishing the goals and objectives outlined at the beginning of the year. Under the direction of the Board of Trustees and the leadership of the District General Manager, the District continues to focus on a 'best practices' strategy to best allocate valuable District resources to all enterprise operations and internal services in the future. This includes discussions with the District dedicated management team, other local governments, community organizations, and community members. These discussions help us focus and determine where to best direct the District resources and develop the annual goals and objectives. The following 2009-10 goals and objectives were achieved during the fiscal year.

### **Resources and Environment**

- Continue to execute a Defensible Space Maintenance Plan.
- Conduct 25 commercial waste audits out of the 300 current customers to increase recycling efforts.

### **Finance**

- Fully implement a new integrated Financial, Human Resources Information System and Payroll System by September 2010 (15 month objective).

### **Work Force**

- Fully implement a new integrated Human Resources Information System by September 2010 (15 month objective), to provide supervision of employees in multiple positions, to empower employees to manage personal information and benefit elections, establish position based staffing levels and supervision, and reduce risk of manual record keeping through computerized processes.

### **Services**

- Hold a "Stakeholders Meeting" for the community.
- Analyze and report on Full District Sports Camp to the Board of Trustees.



## Facilities

- Develop a plan and funding to execute and implement the results of the Title 1 ADA Audit performed in February 2009 considering employee issues.
- The Diamond Peak Child Ski Center and Ticketing Offices/Booth will be designed, permitted and constructed for ground breaking May 2010. The possible addition of the Administrative Services Building being added to the project to resolve ADA issues will also be considered.

## **IVGID's Vision Statement**

With passion for quality of life and our environment, we will maintain the reputation of our community as an excellent place to live, work, recreate, visit, and invest.

## **IVGID's Mission Statement**

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

## **IVGID's Value Statement**

We are dedicated people providing quality service, for our community and environment, with integrity and teamwork.

## **IVGID's Mantra Statement**

One District • One Team

## **Factors Affecting Financial Condition**

Located on the northeast shore of Lake Tahoe, Nevada near the California border in Washoe County, the District's economy is largely dependent on tourism, centered on summer and winter recreational activities. Due to its location, the region's economy is closely tied to the California/San Francisco Bay Area economy. The Convention & Visitors Authority report at June 2010 indicates hotel and motel occupancy rate is 70.8%, up 4.6% from last year, including Vacation Rentals at 39.6%, up 6.3% from last year.

Development within the District continues as a local based Limited Liability Company purchased a casino as well as several surrounding properties in Crystal Bay with the intent to redevelop those core pieces into something that increase the value for the community. The future of this development is dependent on the permitting process. What the scope of the development will be will also come from the permitting process, but is anticipated to have a positive effect on the area.

The Southern Nevada Public Land Management Act (SNPLMA) continues to foster a positive impact on the Tahoe Basin. It allows the Bureau of Land Management to sell public land within a specific boundary around Las Vegas, Nevada. In November 2003, the Act was amended to direct \$300 million, over a period of eight years, to Lake Tahoe for implementation of the Federal Environmental Improvement Program. Annually \$37.5 million from those sales have been made available for projects within Lake Tahoe for implementation of the Federal Environmental Improvement Program. Generally these focused on defensible space.

Located in Incline Village, Sierra Nevada College (SNC) is Nevada's only private residential four-year liberal arts college which serves the community at large and those looking for a unique educational experience. The college has forged a unique partnership with Tahoe Center for Environmental Sciences (TCES). This partnership, between public and private institutions of higher education in two states, includes Sierra Nevada College, the University of California, Davis (UC Davis), the Desert Research Institute (DRI) and the University of Nevada, Reno (UNR). Further to this partnership, SNC formed a relationship with Knowledge Universe in 2008, a company owned by a local entrepreneur. When this announcement was made, it was also shared that the plan was to increase student enrollment to 1,000 students. This would be a significant increase over its current population and bring in opportunity for potential revenue to a multitude of local businesses.

The 2000 census population of 9,346 reflects a sizable 39% increase since 1990. Results for the 2010 census are due to be released in February 2011. The median housing value at June 30, 2010 for single family residence and condo sales for Incline Village and Crystal Bay are \$700,000 and \$310,000, representing 0% and -2% changes over last year and 4.14 and 3.88 times the values in Washoe County of \$169,000 and \$80,000 respectively. Both single family residence and condo values in Washoe County dropped 2.6% and 5.9 respectively in the past year. The decrease in values in Incline Village and Crystal Bay residence values is less than the general County because the second home owner's market has started to rebound better than the primary home market. The properties in the District were part of a County-wide reduction of assessed valuation by 15% effective July 1, 2009.

The Reno-Sparks June 2010 unemployment rate of 13.6% is lightly under the State and is above the national levels of 14.3% and 9.5%, respectively.

Lake Tahoe is known as one of the most beautiful regions in the world and as the second largest alpine lake in North America, it offers an alpine environment untouchable anywhere else. The pristine beauty of Lake Tahoe draws over three and one-half million visitors annually from around the world. From snow skiing to golfing to boating to gaming, Lake Tahoe is one of the premier resort destinations, offering visitors countless activities. Additionally, Incline Village/Crystal Bay offers a spectacular and serene mountain neighborhood for property owners.

The 2004 Legislature passed Assembly Bill 489 to provide property tax relief which provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence and a higher cap on the tax bill of other properties beginning with the 2005/2006 tax roll in Washoe County.

Long Term Strategic District Goals Each year the District develops and designs objectives in line with the long term strategic goals which are aligned to meet the needs and concerns of our community. The Leadership Team, which is comprised of venue managers and the senior management team, develop the objectives, based upon meeting the Trustee's five long range goals identified during their Board retreat. These objectives were officially approved in May along with the related budget. The Board also approves the Recreation Roll and both Operating and Capital Budgets for the coming Fiscal Year.

The long term goals focus on five areas, resources and environment, finance, workforce, service, and facilities. They are stated as follows:

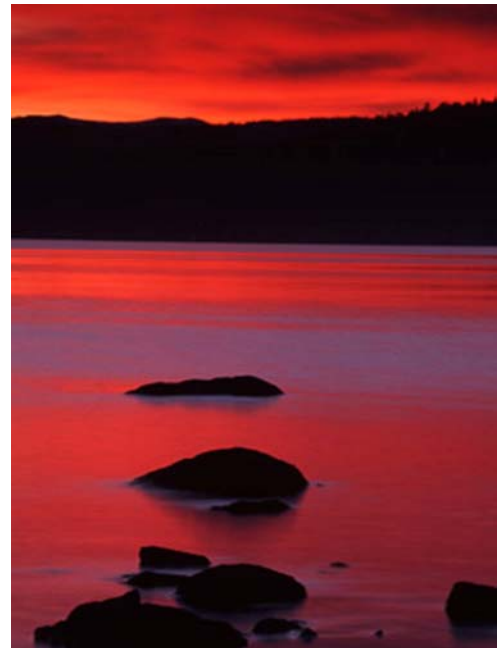
Resources and Environment: To promote and enhance the resources and environment of the Lake Tahoe Basin through: Increasing District involvement and participation in the affairs of the basin, county, state and nation; Increasing collaboration with community partners; Increasing water conservation and recycling efforts; Increasing water rights allocations; Increasing awareness and effectiveness of waste issues; Increasing recycling efforts; and Implementing systems/processes/policies that will result in a sustainable environment.

Finance: To continue to ensure the fiscal responsibility and sustainability of the District by maintaining sound effective financial policies for operation budgets, revenue and expenditures, fund balances, capital improvement, investments and risk management by: Considering the best use of public funds when authorizing the operation, cash flow and capital activities of each department; Increasing positive communication of financial matters with our residents and providing periodic feedback to our residents as it relates to changes in decisions made; Increasing revenues sufficiently to offset increase of expenses; Establish and maintain appropriate fund balance designations for each fund to ensure fiscal sustainability; Increasing involvement and participation of the District in the affairs of the region, county state and nation; and Maintaining the high level of fiscal responsibility of the District.

Workforce: We will increase IVGID's status as the premier employer in the Tahoe Basin and maintain our highly qualified workforce by: Increasing the retention and recruitment of valued employees through compensation and lifestyle packages; Increasing transportation alternatives for our employees; Increasing communication amongst employees; Identify, during budgeting process, the optimum level of staff for each department as it relates to 'Special District' industry standards and customers served.

Services: Deliver high quality, high service product while maintaining a positive financial performance by: Continually improving customer service as measured by the benchmark survey; Increasing positive communication/education with our customers; Continuing to collaborate with partners both inside and outside of our community.

Facilities: To maintain and enhance our infrastructure by: Maintaining and updating our master plans followed by presentation of implementation strategies to the Board; Accommodating our customer needs; and Complying with regulations.



**Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Incline Village General Improvement District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the tenth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.



A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the District also received the GFOA's Distinguished Budget Presentation Award for its 2009-10 budget document dated May 21, 2009. In order to qualify for the Distinguished Budget Presentation Award, the District budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

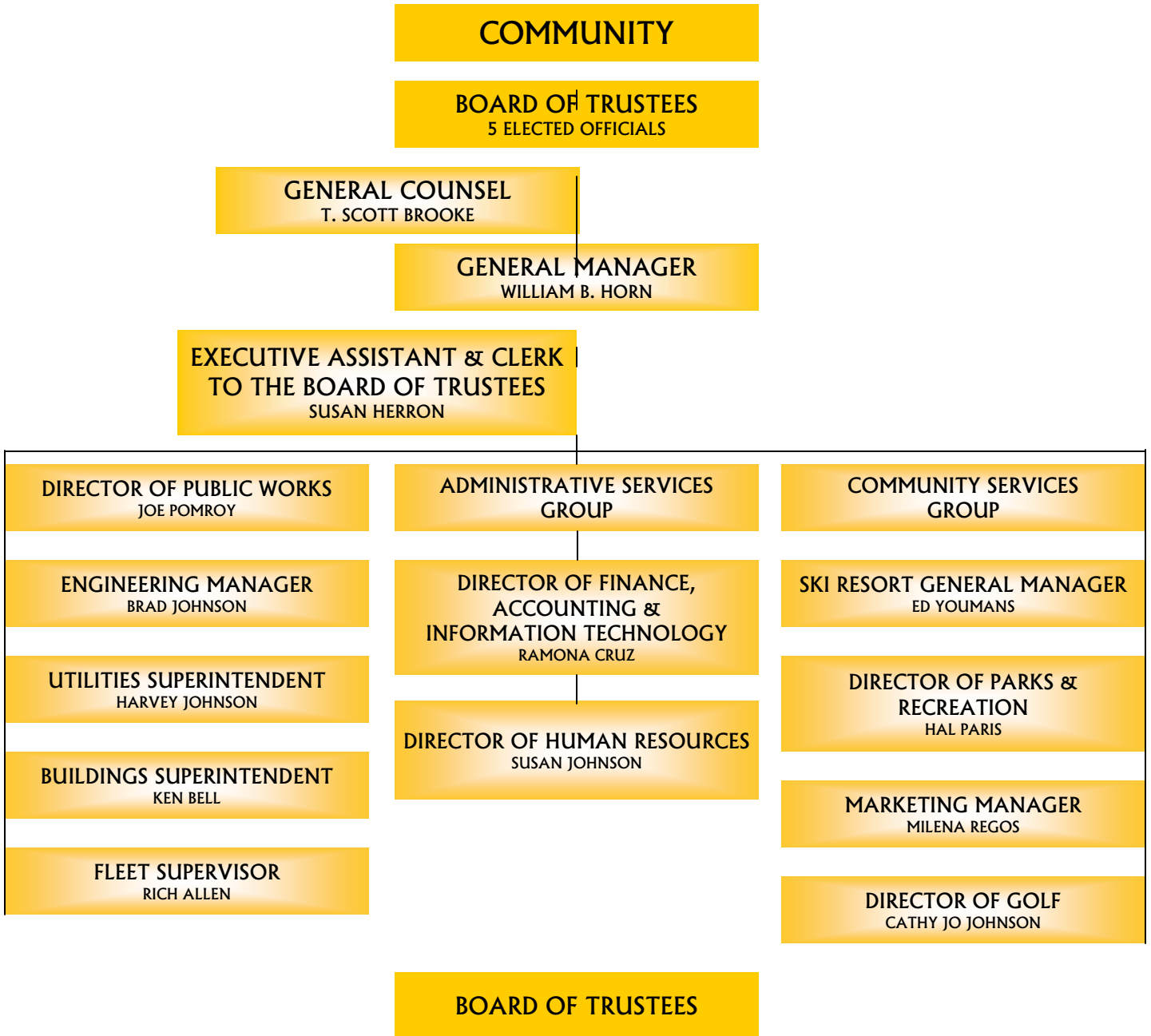
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the accounting, finance, and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support of maintaining the highest standard of professionalism in the management of Incline Village General Improvement District.

*William B. Horn*  
General Manager

*Ramona B. Cruz*  
Director of Finance, Accounting,  
and Information Technology

# ORGANIZATION CHART

## OCTOBER 2010



**GENE BROCKMAN**  
TRUSTEE/CHAIRMAN  
TERM EXP: 12/2010

**TED FULLER**  
TRUSTEE/Vice Chairman  
TERM EXP: 12/2012

**BEA EPSTEIN**  
TRUSTEE/TREASURER  
TERM EXP: 12/2012

**CHUCK WEINBERGER**  
TRUSTEE/SECRETARY  
TERM EXP: 12/2012

**JOHN BOHN**  
TRUSTEE  
TERM EXP: 12/2010

# ACHIEVEMENT

## Certificate of Achievement for Excellence in Financial Reporting

Presented to  
**Incline Village  
General Improvement District  
Nevada**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

This prestigious and national award, presented to the Government Finance Officers Association (GFOA) or the United States and Canada, recognized conformance with the highest standards for preparation of state and local government financial reports.

IVGID received the Certificate of Achievement of Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009.

**NATIONAL  
AWARD**



President

Executive Director

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

# INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT



## FINANCIALS





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Reno, NV 89501

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775.323.6211  
barnardvoglerco.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Incline Village General Improvement District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Incline Village General Improvement District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2010, on our consideration of Incline Village General Improvement 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 through 19 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incline Village General Improvement District's financial statements as a whole. The introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Barbara, Vogler & Co.

Reno, Nevada  
December 27, 2010



**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010**

As management of the Incline Village General Improvement District (District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the Incline Village General Improvement District for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, financial statements, and notes to the financial statements to gain a more complete picture of the information presented.

**Financial Highlights**

Weather continues to play a key role in financial performance of the District. The ski venue was affected early from a lack of snow fall, but then received good amounts in January, while a rainy June affected rounds of golf at both courses. Overall the District still maintains a healthy financial condition. The District continues to meet its financial obligations and provide services to the community at large. Maintaining infrastructure, at our venues, continues to be a high priority. Continuing with the replacement of our effluent pipeline; a \$20+ million project which is completed through Segment 5, with plans for the Spooner Pump Station to be completed by 2012. The Skier Services Building began in May with completion scheduled for November 2010.

Other financial highlights are as follows:

- The assets of the District exceeded its liabilities, at the close of the most recent fiscal year, by \$98.9 million (net assets). Of this amount, \$17.8 million (unrestricted net assets) may be used to meet the District's ongoing obligations including the upcoming Effluent Pipeline and the Diamond Peak project including the Child Ski Center.
- The District's net assets increased \$2.2 million and much of this is attributable to Community Service operations and about \$1.5 million in grants such as Section 595 Funds reimbursed for the effluent pipeline project.
- The General Fund's ending fund balance remained unchanged.
- The governmental depreciation of \$298,115 includes \$199,997 on Defensible Space Projects. The remainder is generally for the District Information Technology equipment.
- On June 25, 2008 the District closed on a bond issue for \$7,000,000 to provide resources for the Diamond Peak Ski Lodge Renovation, Snow Making Equipment and new Child Ski and Ticketing Facility. The District received a premium of about \$500,000. During the prior year approximately \$5,600,000 was used for the projects. The District retired just over \$2.8 million in bond principal during the year.
- The District continues to hold a limited tax general obligation bond rating of Aa2.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements which consists of the following:

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

This report also contains other supplementary information in addition to the basic financial statement itself.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of the District finances in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases or decreases, in net assets, may serve as useful indicator of whether the financial position of the District is improving or deteriorating.

**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

The *Statement of Activities* presents information showing how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, the vacation wages liability recognizes a current cost while payment is in the future.

Both of the government-wide financial statements (*Net Assets* and *Statement of Activities*) distinguishes functions of the District that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost(s) through user fees and charges (*business-type activities*). The governmental activity of the District includes the General Fund, Internal Services and Workers Compensation. The business type activities of the District includes utilities and recreational activities that reflect enterprise operations where a fee for service typically funds all or most of the costs of operations including depreciation and debt service.

**Fund Financial Statement:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District uses fund accounting to ensure and demonstrate compliance with financial related legal requirements, hence, the principal role of a fund is to demonstrate fiscal accountability. All of the funds of the District can be divided into two categories: governmental and proprietary.

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 statement, the governmental fund financial statement focuses on near-term inflow and outflow 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 government funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet for General Fund. The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The District operates two types of proprietary funds. *Enterprise funds* are used to report the same functions presented in business-type activities in the government-wide statements. The District uses enterprise funds to account for its Utility Fund, Community Services and Beach activities. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its fleet of vehicles, buildings maintenance, and engineering functions. The District has an internal services fund for the self-funded Workers Compensation function. Each cost center pays for coverage based on its payroll costs. However the self-insured reserve serves the entire District rather than allocated by department. All Internal Service Funds are classified as government type activities since they serve the entire organization.

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

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. There are combining schedules for the Internal Service Funds. There are individual fund schedules, providing budget to actual comparisons. These schedules indicate compliance with budgetary constraints and management directives to enhance accountability at the fund and function level. Since July 2008 the District adopts budgets that calculated operating results in accordance with Generally Accepted Accounting Principles (GAAP) and added a determination of "Total Sources and Uses" to identify the nature of all activities including capital and debt service activities. Statistical information is provided on a ten-year basis, as available, for trend and historical analysis. This information addresses a number of the major sources revenues of the District including the Recreation Fee.

**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

**Governmental-wide Financial Analysis**

Net assets are a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$98.8 million at June 30, 2010. The largest portion of net assets (81%) reflects its investment in capital assets (e.g., land, buildings, equipment, construction in progress) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since capital assets cannot be used to liquidate these liabilities.

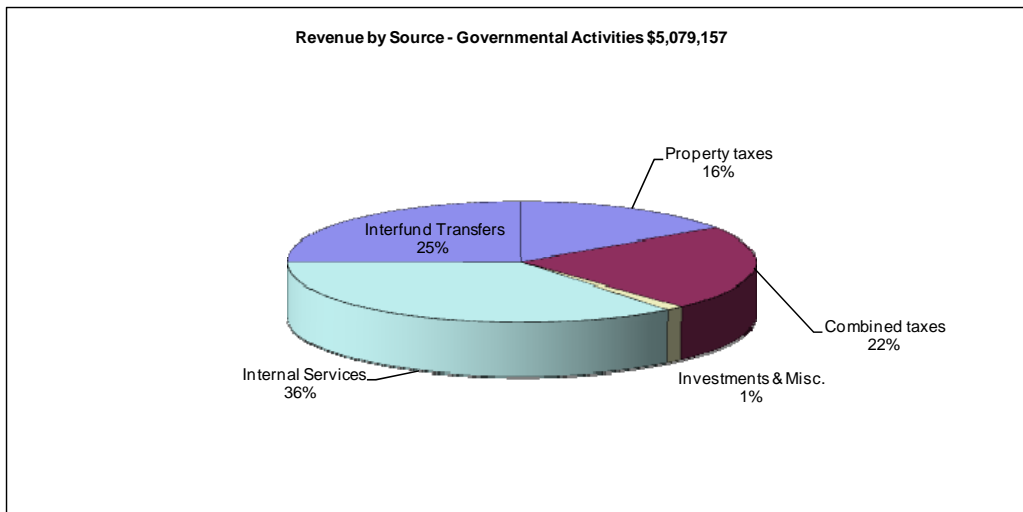
Incline Village General Improvement District Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current and Other assets	\$ 4,116,227	\$ 3,276,398	\$ 20,181,666	\$ 20,044,025	\$ 24,297,893	\$ 23,320,423
Net capital assets	3,266,815	3,786,286	98,639,721	98,089,139	101,906,536	101,875,425
<b>Total Assets</b>	<b>7,383,042</b>	<b>7,062,684</b>	<b>118,821,387</b>	<b>118,133,164</b>	<b>126,204,429</b>	<b>125,195,848</b>
<b>Liabilities</b>						
Current liabilities	2,650,483	2,639,852	6,045,198	3,917,209	8,695,681	6,557,061
Long-term liabilities	-	-	18,646,387	22,005,577	18,646,387	22,005,577
<b>Total Liabilities</b>	<b>2,650,483</b>	<b>2,639,852</b>	<b>24,691,585</b>	<b>25,922,786</b>	<b>27,342,068</b>	<b>28,562,638</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	3,266,815	3,036,286	76,979,760	72,410,429	80,246,575	75,446,715
Restricted	109,350	-	790,997	836,564	900,347	836,564
Unrestricted	1,356,394	1,386,546	16,359,045	18,963,385	17,715,439	20,349,931
<b>Total Net Assets</b>	<b>\$ 4,732,559</b>	<b>\$ 4,422,832</b>	<b>\$ 94,129,802</b>	<b>\$ 92,210,378</b>	<b>\$ 98,862,361</b>	<b>\$ 96,633,210</b>

Incline Village General Improvement District Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 25,709,170	\$ 26,247,523	\$ 25,709,170	\$ 26,247,523
Capital grants and contributions	-	-	1,563,174	1,888,414	1,563,174	1,888,414
Internal services	1,814,349	2,095,747	-	-	1,814,349	2,095,747
<b>General Revenues:</b>						
Ad valorem tax	796,482	985,295	-	-	796,482	985,295
Consolidated tax	1,136,483	1,218,893	-	-	1,136,483	1,218,893
Unrestricted investment earnings	54,041	62,449	347,841	488,062	401,882	550,511
Other	9,960	13,843	432,139	600,955	442,099	614,798
<b>Total Revenues</b>	<b>3,811,315</b>	<b>4,376,227</b>	<b>28,052,324</b>	<b>29,224,954</b>	<b>31,863,639</b>	<b>33,601,181</b>
<b>Expenses</b>						
General Fund	3,002,695	3,150,889	-	-	3,002,695	3,150,889
Internal Services	1,766,735	2,001,647	-	-	1,766,735	2,001,647
Utility	-	-	8,415,952	8,610,312	8,415,952	8,610,312
Community Services	-	-	15,220,838	16,318,982	15,220,838	16,318,982
Beach Enterprise	-	-	1,228,268	1,295,830	1,228,268	1,295,830
<b>Total Expenses</b>	<b>4,769,430</b>	<b>5,152,536</b>	<b>24,865,058</b>	<b>26,225,124</b>	<b>29,634,488</b>	<b>31,377,660</b>
<b>Increase (Decrease) in Net Assets</b>						
before transfers	(958,115)	(776,309)	3,187,266	2,999,830	2,229,151	2,223,521
Transfers	1,267,842	63,532	(1,267,842)	(63,532)	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 309,727</b>	<b>\$ (712,777)</b>	<b>\$ 1,919,424</b>	<b>\$ 2,936,298</b>	<b>\$ 2,229,151</b>	<b>\$ 2,223,521</b>

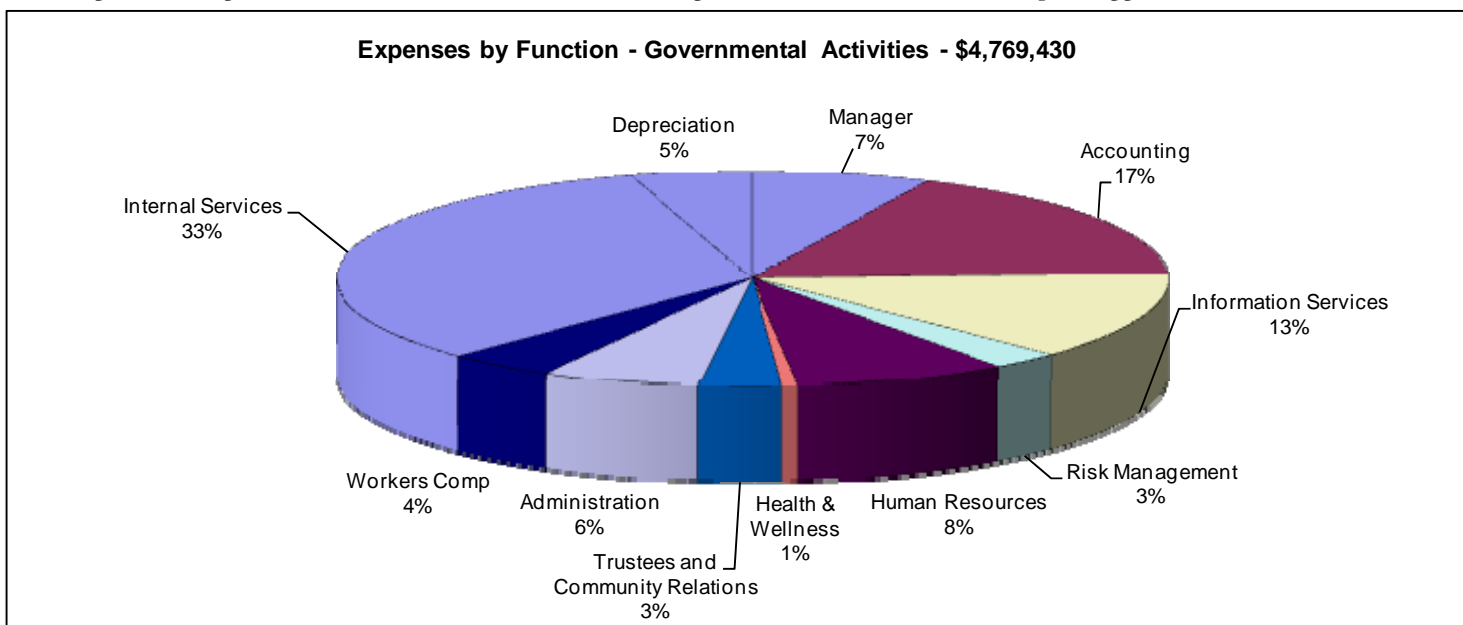
**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

**Governmental activities** increased the Districts' net assets by \$309,727. The General Fund Balance did not change. Depreciation of General Fixed Assets was less than capital additions by approximately \$220,000. The Workers Compensation Fund increased for \$41,303.

Total governmental activity revenue dropped year-on-year with a 9% decline in tax revenue. Sales taxes dropped due to lower retail sales. Consolidated taxes, mostly comprised of business and vehicle tax, also decreased year-on-year. These combined taxes come through an allocation of state-wide collections. Ad valorem taxes saw a planned decrease resulting from deferring approximately \$270,000 to cover an anticipated tax rebate to be withheld from future County tax settlements. During 2005, the Nevada Legislature passed a law to provide property tax relief (Assembly Bill 489) which provided a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence and a higher cap on other properties beginning with the 2005/2006 tax roll in Washoe County. In prior years the assessed values have been capped. Effective 2009 the County reduced all valuations County-wide by 15% to reflect a change in market conditions. The following chart shows the revenue by source for the governmental activities:



Total governmental activities include the General Fund, Internal Services and Workers Compensation. The following chart breaks out the governmental activities expenses by functional area. For example, Information Technology Services captures all the expenses associated with providing technical computer support and computer equipment for the entire District. Depreciation represents the amount that would have been depreciated if full accrual accounting was applied.



**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

**Business-type activities:** Business-type activities increased their net assets by \$1,919,424, a 2.2% increase over last year's net assets. The increase breaks out as follows: Utility fund increased \$443,996 Community Services increased \$1,177,034 and the Beach Fund increased \$298,394. Following are some significant key factors contributing to this net change:

- Utility Fund increase in net assets is attributable to receiving capital contributions of \$1,476,174, while experiencing a 2% revenue decline and a \$225,000 major repair cost.
- Community Services collecting Recreation Fee revenues to facilitate capital expenditures.

The recreation fee, assessed on property owners, is the most stable of the revenue streams for the District. The recreation fee is assessed by the District for beach and recreational privileges and is collected by Washoe County Assessor's office through the real property quarterly billing process. For 2009-10, the District assessed \$6,007,105 in recreation fees. Below is a 10 year history of the recreation fee and the current allocation for the 2009-10 fees.

<b>Recreation Fee</b>			
Fiscal Year	Beach Only	Community Services	Total Assessed Recreation Fee
2000-01	\$ 75	\$ 300	\$ 3,054,300
2001-02	75	370	3,627,580
2002-03	75	370	3,624,840
2003-04	96	466	4,580,526
2004-05	95	480	4,696,190
2005-06	100	490	4,780,940
2006-07	110	580	5,620,830
2007-08	150	560	5,768,150
2008-09	155	600	6,181,915
2009-10	113	623	6,007,105

<b>Recreation Fee Allocation</b>	
<b>Community Services</b>	
Championship Golf	\$ 38
Mountain Golf	21
Chateau/ Aspen Grove	33
Catering	(6)
Parks	131
Ski	22
Tennis	19
Youth and Sports Programs	22
Adult Programs	4
Senior Programs	26
Recreation Center	106
CIP Charge for Debt Service	85
CIP Charge for Ski Lodge	110
Defensible Space	12
<b>Total Community Services</b>	<b>623</b>
<b>Beach</b>	<b>113</b>
<b>Total for 2009-10</b>	<b>\$ 736</b>

**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

**Financial Analysis of the Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. *Governmental activities* expenses decreased by \$383,106, including savings from the voluntary non-payment of Management by Objective bonuses and a lesser volume of activity due to economic conditions.

*Business-type expenses* decreased \$1,360,066 as compared to last year. Much of this was accomplished by controlling expenses in relation to planned or experienced activity levels.

<b>Incline Village General Improvement District Expenses By Type</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2010	2009	2010	2009	2010	2009
Wages and Benefits	\$ 3,618,167	\$ 3,830,657	\$ 9,911,040	\$ 10,439,646	\$ 13,529,207	\$ 14,270,303
Cost of Goods sold	-	-	1,004,753	1,196,346	1,004,753	1,196,346
Services and supplies	701,742	830,202	5,153,448	5,716,108	5,855,190	6,546,310
Insurance	90,730	80,817	439,738	391,623	530,468	472,440
Depreciation	233,333	306,322	5,183,365	5,122,202	5,416,698	5,428,524
Utilities	51,601	30,573	2,202,300	2,331,890	2,253,901	2,362,463
Legal, Audit, Investment Mgmt	73,857	73,965	143,710	79,851	217,567	153,816
Nonoperating expenses	-	-	826,704	947,458	826,704	947,458
<b>Total Expenses by type</b>	<b>\$ 4,769,430</b>	<b>\$ 5,152,536</b>	<b>\$ 24,865,058</b>	<b>\$ 26,225,124</b>	<b>\$ 29,634,488</b>	<b>\$ 31,377,660</b>

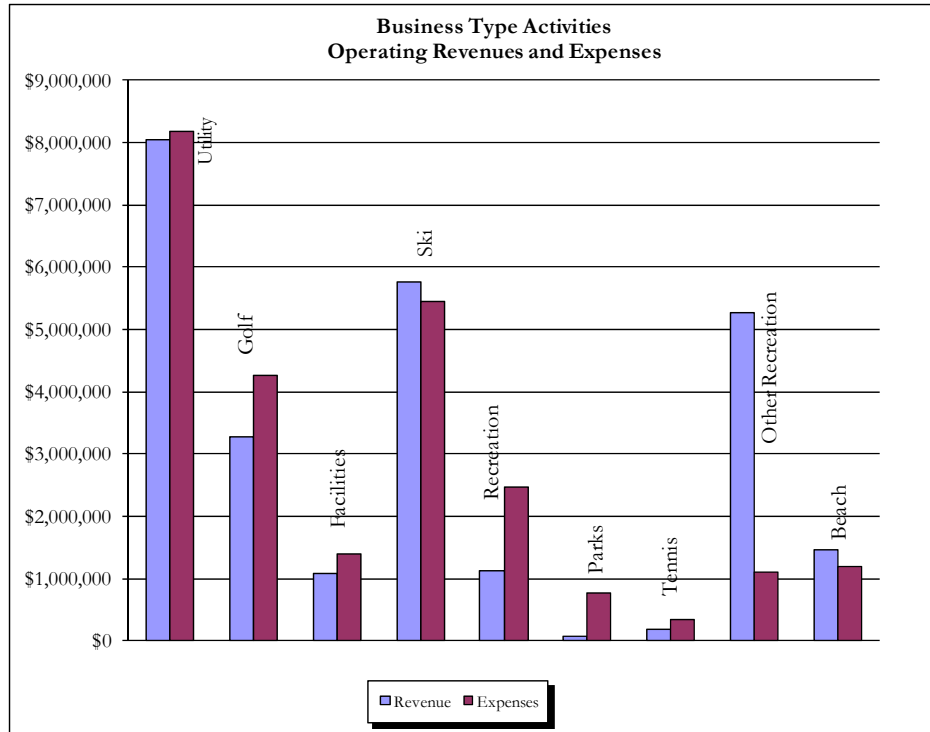
**Governmental Funds:** The focus of the District's governmental funds is to provide information on current inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the District's General Fund balance remained unchanged at \$615,774.

**Proprietary funds:** The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The District's proprietary funds consist of the following individual funds and their services:

Utility Fund <ul style="list-style-type: none"> <li>• Water</li> <li>• Sewer</li> <li>• Trash and Recycling</li> </ul>	Community Services <ul style="list-style-type: none"> <li>• Golf</li> <li>• Facilities &amp; Catering</li> <li>• Ski</li> <li>• Parks and Recreation</li> <li>• Other Recreation</li> </ul>	Beach <ul style="list-style-type: none"> <li>• Ski Beach</li> <li>• Hermit Beach</li> <li>• Incline Beach</li> <li>• Burnt Cedar Beach</li> </ul>
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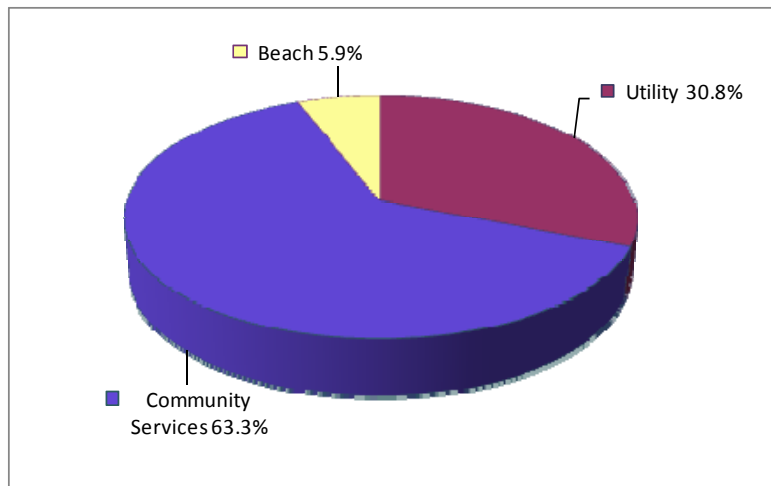
**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

Overall, business-type activities net assets increased \$1,919,424 for the year for reasons outlined earlier.



Revenue for the business type activities is directly related to service activities and includes charges representing 76% of total operating revenue. Revenues are down \$644,841 to last year. Weather in May and June 2010 was a key factor in golf's performance which resulted in much lower than budgeted rounds played in those months..

The following table and chart displays the revenue fees and non-operating revenues as a percentage of the total. Our recreational revenues are clearly leading the way at 42% of the total and, of all of the revenue streams, are the most volatile as they are subject to weather. The Recreation Fee is the most stable of all of our revenue streams and is used to support our Community Services and Beach venues (recreation activities). The amount of the Recreation Fee is determined each year and assessed annually through the tax bills.



**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

**General Fund Budgetary Highlight**

Budgets are adopted for all governmental funds on a modified accrual basis. The focus of this basis is to capture transactions based on current financial resources. Increases and decreases in financial resources are recognized only to the extent that they reflect near-term inflows or outflows of cash.

There have been no amendments filed with the State of Nevada to amend the District's General Fund 2009-10 Budget.

Overall, General Fund expenditures performed better to budget by \$279,753. Savings occurred in Personnel (Management by Objective Bonuses were earned but voluntarily not paid due to economic conditions), Service and Supplies and Legal Services.

**Capital Asset and Debt Administration**

**Capital Assets:** The Incline Village General Improvement District's investment in capital for its governmental and business type activities, as of June 30, 2010 amounts to \$101,906,536 (net of accumulated depreciation). The investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and park facilities. Readers desiring more information, with respect to capital asset activity, should see footnote number 4 to the financial statements.

Incline Village General Improvement District Capital Assets  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,565,086	\$ 2,558,039	\$ 13,746,359	\$ 8,472,378	\$ 16,311,445	\$ 11,030,417
Construction in Progress	232,523	28,516	6,248,417	3,310,981	6,480,940	3,339,497
Buildings and Improvements	1,055,139	979,018			1,055,139	979,018
Furniture and Fixtures	219,886	219,886			219,886	219,886
Information Technology	1,169,927	1,200,844			1,169,927	1,200,844
Defensible Space	399,499	199,502		-	399,499	199,502
Internal services equipment furniture and fixtures	281,091	697,100			281,091	697,100
Utility system, plant and lines			81,731,757	78,251,795	81,731,757	78,251,795
Utility buildings and improvements			10,855,939	12,517,243	10,855,939	12,517,243
Utility equipment, furniture and fixtures			2,761,331	3,152,671	2,761,331	3,152,671
Community services buildings and improvements			48,818,160	40,245,213	48,818,160	40,245,213
Community services equipment, furniture and fixtures			7,402,725	19,563,619	7,402,725	19,563,619
Beach buildings and improvements			3,726,555	3,345,978	3,726,555	3,345,978
Beach equipment, furniture and fixtures			264,733	431,154	264,733	431,154
Total Cost	5,923,151	5,882,905	175,555,976	169,291,032	181,479,127	175,173,937
Accumulated Depreciation	(2,656,336)	(2,846,619)	(76,916,255)	(72,348,098)	(79,572,591)	(75,194,717)
Capital Assets, Net	\$ 3,266,815	\$ 3,036,286	\$ 98,639,721	\$ 96,942,934	\$ 101,906,536	\$ 99,979,220

**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010  
(Continued)**

The major capital asset event during the fiscal year was the effluent pipeline project. This is a multi-year project with a target date of completion in 2011-12. All Phases are projected to have a total cost over \$20 million.

**Long-term debt:** At the end of the current fiscal year, the District had total bonded debt outstanding of \$21,572,758. Of that amount, \$19,425,286 comprises debt backed by the full faith and credit of the District. The remainder of the District debt, \$2,147,472 represents bonds secured solely by specified utility revenue sources.

Long-term liability activity for the year ended June 30, 2010 was as follows:				
	Beginning Balance	New Issues	Principal Paid	Ending Balance
Business Type Activities:				
Bonds Payable:				
General Obligation Bonds	\$21,910,911	\$0	\$2,485,625	\$19,425,286
Revenue Bonds	2,498,415	-	350,943	2,147,472
<b>Total</b>	<b>\$24,409,326</b>	<b>\$0</b>	<b>\$2,836,568</b>	<b>\$21,572,758</b>

Readers desiring more information, with respect to the District's debt, should see footnote number 6 to the financial statements.

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

The District holds a Moody's of Aa2 on our limited tax general obligation bonds. The rating reflects the District's affluent service area, growing tax base, and well-managed financial operations.

**Economic Factors and Next Year's Budgets and Rates**

- This District's primary revenue sources are from service charges from the business type activities. Weather could possibly impact golf and ski and, to a much smaller extent, water and sewer charges. The general economy and reduced spending has been considered during the budget process. Anticipated user levels will be revisited each year to assess anticipated service demands.
- The Utility Rate structure was revisited in 2009-10 budget cycle for a five year period. The Board decided to evaluate rates one year at a time. For 2009-10 the Board decided on no increase in rates. This was applied to both the operating and capital component of rates. A rate increase was implemented for the 2010-11 fiscal year.
- Major Resident specific Recreational rates were not increased in the 2009-10 budget process. They will be revisited overall, based on market data and needs of the community during future budget preparation cycles.
- Personnel cost comprised 45% of current year expenses. The 2009-10 budgets for wages and salaries were held flat in recognition of the economic times and the desire to freeze many fees charges to resident users. Health benefits had a minor cost increase in January 2010.
- In these economic times employee retention is key to the success of the District. The District continues to seek a balance with this need and the economic realities. Employees did not receive pay increases during the year.

**Incline Village General Improvement District  
Management's Discussion and Analysis (unaudited)  
For the Fiscal Year ended June 30, 2010**

- Renovation of the Diamond Peak Ski Resort main lodge began in April 2008 and was completed in November 2008. Phase 2 which includes the Child Ski Center, Ticketing Offices and the Administration Building began in May 2010 with a completion by November 2010. This project was expanded to include a replacement of the Ski Administration Building to provide a solution to issues related to Americans with Disabilities Act (ADA) compliance. The additional cost of the Administration facility will come out of existing Community Services Fund resources.
- Construction on the effluent pipeline concluded in 2009-10. The final phase, the replacement of the Spooner Pump Station, will be completed 2011-12. The District is evaluating the condition of other segments of the line. This could result in a new scope of replacements or upgrades on approximately 6 miles of pipeline.
- The opening of the Championship Golf Course was changed to the Wednesday before Memorial Day and closing to the second Sunday in October. The decision accommodated what was described as the "grow in mode". Following the renovation of the Golf Course in 2004, several consultants have identified the need to allow the Course to develop without playing conditions. The suggestion trades days of revenue producing operations for better overall turf and course conditions for the remainder of the season. The results of the plan for 2009 indicated a success. However, weather conditions including late precipitation and cold temperatures, significantly delayed the start of the golf season into June 2010.

**Request of Information**

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning the information provided in this report or request for additional financial information should be addressed to Ramona Cruz, Director Finance, Accounting and Information Technology, 893 Southwood Boulevard, Incline Village, Nevada, 89451. This report will also be available on the District's website at [www.ivgid.org](http://www.ivgid.org).



**INCLINE VILLAGE**  
**GENERAL IMPROVEMENT DISTRICT**



**BASIC FINANCIALS**

# INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,490,763	\$ 2,957,151	\$ 5,447,914
Investments	62,814	5,543,402	5,606,216
Receivables:			
Accounts receivable, net	1,515	885,331	886,846
Interest on investments	10,647	57,448	68,095
Grant receivable	-	315,128	315,128
Due from other governments	230,473	255,464	485,937
Inventories and supplies	43,385	528,798	572,183
Prepaid items	154,487	174,081	328,568
Due from (to) other funds	293	(293)	-
Long term investments	1,012,500	8,375,000	9,387,500
Restricted assets:			
Temporarily restricted investments	109,350	790,997	900,347
Deferred charges	-	299,159	299,159
Capital assets:			
Land	2,565,086	13,746,359	16,311,445
Construction in progress	232,523	6,248,417	6,480,940
Other assets, net of accumulated depreciation	469,206	78,644,945	79,114,151
Total assets	7,383,042	118,821,387	126,204,429
<b>LIABILITIES</b>			
Accounts payable	974,784	59,070	1,033,854
Accrued personnel costs	1,405,597	264,787	1,670,384
Accrued interest payable	-	222,161	222,161
Deferred revenue	270,102	745,899	1,016,001
Deferred Grant Revenue	-	1,413,553	1,413,553
Refundable Deposits	-	26,995	26,995
Bond Premium, net	-	386,362	386,362
Noncurrent liabilities			
Due within one year	-	2,953,682	2,953,682
Due in more than one year	-	18,619,076	18,619,076
Total liabilities	2,650,483	24,691,585	27,342,068
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	3,266,815	76,979,760	80,246,575
Restricted	109,350	790,997	900,347
Unrestricted	1,356,394	16,359,045	17,715,439
Total net assets	\$ 4,732,559	\$ 94,129,802	\$ 98,862,361

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Grants and Contributions	Primary Government	
				Governmental Activities	Business-type Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 3,002,695	\$ -	\$ -	\$ (3,002,695)	\$ (3,002,695)
Internal Services	1,766,735	1,814,349	-	47,614	47,614
Total governmental activities	4,769,430	1,814,349	-	(2,955,081)	(2,955,081)
Business-type activities:					
Utilities	8,415,952	8,051,694	1,476,174	1,111,916	1,111,916
Community Services	15,220,838	16,191,656	87,000	1,057,818	1,057,818
Beach	1,228,268	1,465,820	-	237,552	237,552
Total business-type activities	24,865,058	25,709,170	1,563,174	2,407,286	2,407,286
Total primary government	\$ 29,634,488	\$ 27,523,519	\$ 1,563,174	(2,955,081)	(547,795)
General revenues:					
Property taxes				796,482	796,482
Combined taxes				1,136,483	1,136,483
Unrestricted investment earnings				54,041	347,841
Gain (loss) on disposal of capital assets				7,030	180,548
Miscellaneous revenues				2,930	251,591
Transfers to/(from) funds				1,267,842	(1,267,842)
Total general revenues and transfers				3,264,808	(487,862)
Change in net assets				309,727	1,919,424
Net assets - beginning				4,422,832	92,210,378
Net assets - ending				\$ 4,732,559	\$ 94,129,802
					\$ 98,862,361

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2010**

	<u>GENERAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,293,159	\$ 2,293,159
Investments	-	-
Accounts receivable	1,515	1,515
Interest receivable on investments	-	-
Due from other governments	230,473	230,473
Inventories	20	20
Prepaid items	154,087	154,087
Due from (to) other funds	20	20
	<u>20</u>	<u>20</u>
Total assets	<u>\$ 2,679,274</u>	<u>\$ 2,679,274</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 975,108	\$ 975,108
Accrued personnel costs	818,289	818,289
Deferred Revenue	270,102	270,102
Total liabilities	<u>2,063,499</u>	<u>2,063,499</u>
Fund balance		
Restricted	129,000	129,000
Non-spendable	154,087	154,087
Unassigned	332,688	332,688
Total fund balance	<u>615,775</u>	<u>615,775</u>
Total liabilities and fund balance	<u>\$ 2,679,274</u>	
Amounts reported for governmental activities in the statement of net assets are different because:		
Internal Service Funds providing governmental type activities - Fleet, Engineering and Buildings		222,568
- Workers Compensation coverage		711,405
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<u>3,182,811</u>
Net assets of governmental activities		<u>\$ 4,732,559</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>GENERAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 796,482	\$ 796,482
Intergovernmental:		
Consolidated tax	951,596	951,596
Other taxes	184,887	184,887
Investment income	25,245	25,245
Miscellaneous	2,930	2,930
Total revenues	<u>1,961,140</u>	<u>1,961,140</u>
<b>EXPENDITURES</b>		
Current:		
Manager	333,949	333,949
Trustees	108,578	108,578
Accounting	827,806	827,806
Information Services	615,522	615,522
Risk Management	126,490	126,490
Human Resources	395,297	395,297
Health & Wellness	29,454	29,454
Community & Employee Relations	45,541	45,541
Administration	295,438	295,438
Capital Outlay	450,907	450,907
Total expenditures	<u>3,228,982</u>	<u>3,228,982</u>
(Deficiency) of revenues over expenditures	<u>(1,267,842)</u>	<u>(1,267,842)</u>
<b>OTHER FINANCING SOURCES:</b>		
Transfer from Utility Fund	633,921	633,921
Transfer from Recreation Fund	570,529	570,529
Transfer from Beach Enterprise Fund	63,392	63,392
Total other financing sources	<u>1,267,842</u>	<u>1,267,842</u>
Net change in fund balance	-	-
Fund balance, July 1	<u>615,775</u>	
Fund balance, June 30	<u>\$ 615,775</u>	

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

Add increase in Fleet, Engineering and Buildings net assets	42,137
Add increase in Workers Compensation net assets	41,303
Governmental assets transferred from other funds	64,782
Depreciation on governmental capital assets	(289,402)
Governmental capital outlay capitalized	<u>450,907</u>

Change in net assets of governmental activities \$ 309,727

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 830,873	\$ 796,482	\$ (34,391)
Intergovernmental:			
Consolidated tax	1,109,060	951,596	(157,464)
Other taxes		184,887	184,887
Investment earnings	3,000	25,245	22,245
Miscellaneous	1,800	2,930	1,130
Total revenues	<u>1,944,733</u>	<u>1,961,140</u>	<u>16,407</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Administration:			
Wages and benefits	2,386,409	2,314,932	71,477
Services and supplies	445,507	326,324	119,183
Insurance	47,340	43,470	3,870
Utilities	30,888	27,445	3,443
Legal and audit	119,091	65,904	53,187
Capital outlay:			
Defensible Space	200,000	199,997	3
Other Capital Outlay	279,500	250,910	28,590
Total expenditures/expenses	<u>3,508,735</u>	<u>3,228,982</u>	<u>279,753</u>
Excess (deficiency) of revenues over expenditures/expenses	<u>(1,564,002)</u>	<u>(1,267,842)</u>	<u>296,160</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Utility Fund	782,001	633,921	(148,080)
From Community Services Fund	713,801	570,529	(143,272)
From Beach Enterprise Fund	68,200	63,392	(4,808)
Total other financing sources	<u>1,564,002</u>	<u>1,267,842</u>	<u>(296,160)</u>
Net change in fund balance	-	-	-
Fund balance, July 1	<u>615,775</u>	<u>615,775</u>	-
Fund balance, June 30	<u>\$ 615,775</u>	<u>\$ 615,775</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Business - type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Fund	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 483,937	\$ 1,009,118	\$ 1,464,096	\$ 2,957,151	\$ 197,604
Investments	3,725,486	1,817,916	-	5,543,402	62,814
Accounts receivable	838,390	44,245	2,696	885,331	-
Interest receivable	38,808	18,640	-	57,448	10,647
Grants receivable	39,371	275,757	-	315,128	-
Due From Other Governments	-	220,701	34,763	255,464	-
Inventories	171,827	356,971	-	528,798	43,365
Prepaid expenses	86,925	82,088	5,068	174,081	400
Due from (to) other funds	-	(6,450)	6,157	(293)	273
Total current assets	5,384,744	3,818,986	1,512,780	10,716,510	315,103
Noncurrent assets:					
Long-term investments	4,600,000	3,775,000	-	8,375,000	1,012,500
Restricted for debt service reserve	258,370	-	-	258,370	-
TRPA Deposits	300,193	232,434	-	532,627	-
State of Nevada Work Comp Deposit	-	-	-	-	109,350
Deferred bond issuance costs, net	81,191	190,987	26,981	299,159	-
	5,239,754	4,198,421	26,981	9,465,156	1,121,850
Capital Assets					
Land	6,520,358	4,921,151	2,304,850	13,746,359	-
Construction in progress	2,427,202	3,821,215	-	6,248,417	-
Water system plant and lines	36,680,312	-	-	36,680,312	-
Sewer system plant and lines	45,051,445	-	-	45,051,445	-
Buildings and structures	10,855,939	48,818,160	3,726,555	63,400,654	-
Equipment, furniture and fixtures	2,761,331	7,402,725	264,733	10,428,789	281,091
Total capital assets	104,296,587	64,963,251	6,296,138	175,555,976	281,091
Less: accumulated depreciation	(48,029,807)	(26,335,148)	(2,551,300)	(76,916,255)	(197,087)
Total capital assets (net)	56,266,780	38,628,103	3,744,838	98,639,721	84,004
Total noncurrent assets	61,506,534	42,826,524	3,771,819	108,104,877	1,205,854
Total assets	66,891,278	46,645,510	5,284,599	118,821,387	1,520,957
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	29,428	29,549	93	59,070	(324)
Accrued personnel costs	141,681	104,669	18,437	264,787	587,308
Accrued interest payable	96,476	117,763	7,922	222,161	-
Deferred revenue	310,956	428,822	6,121	745,899	-
Deferred Grant Revenue	-	1,413,553	-	1,413,553	-
Refundable Deposits	-	26,995	-	26,995	-
Current maturities of long-term debt	843,682	1,892,960	217,040	2,953,682	-
Total current liabilities	1,422,223	4,014,311	249,613	5,686,147	586,984
Bond Premium (net)	4,243	382,119	-	386,362	-
Non-current long term debt	6,054,076	11,763,714	801,286	18,619,076	-
Total liabilities	7,480,542	16,160,144	1,050,899	24,691,585	586,984
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	49,445,970	24,780,297	2,753,493	76,979,760	84,004
Restricted	558,563	232,434	-	790,997	109,350
Unrestricted	9,406,203	5,472,635	1,480,207	16,359,045	740,619
Total net assets	\$ 59,410,736	\$ 30,485,366	\$ 4,233,700	\$ 94,129,802	\$ 933,973

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Enterprise Funds			Total	Total
	Utility	Community	Beach	Business-Type	Governmental -
	Fund	Services	Enterprise	Enterprise	Internal
		Fund	Fund	Funds	Service Funds
				Activities	Type Activities
<b>OPERATING REVENUES</b>					
Sales and fees	\$ 8,051,694	\$ 11,064,940	\$ 600,280	\$ 19,716,914	\$ -
Facility Fees	-	5,126,716	865,540	5,992,256	-
Operating Grants	-	87,000	-	87,000	-
Interfund services	-	-	-	-	1,814,349
Total operating revenues	8,051,694	16,278,656	1,465,820	25,796,170	1,814,349
<b>OPERATING EXPENSES</b>					
Wages and benefits	2,837,986	6,480,609	592,445	9,911,040	1,303,235
Cost of goods sold	-	974,715	30,038	1,004,753	-
Services and supplies	1,247,429	3,583,322	322,697	5,153,448	394,058
Insurance	95,843	326,736	17,159	439,738	47,260
Utilities	1,171,061	949,400	81,839	2,202,300	5,516
Legal and audit	94,251	41,825	7,634	143,710	7,953
Depreciation	2,734,966	2,310,850	137,549	5,183,365	8,713
Total operating expenses	8,181,536	14,667,457	1,189,361	24,038,354	1,766,735
Operating income (loss)	(129,842)	1,611,199	276,459	1,757,816	47,614
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	189,786	144,571	13,484	347,841	28,796
Gain (loss) on disposal of assets	1,215	179,119	214	180,548	7,030
Miscellaneous	(225,000)	366,055	110,536	251,591	-
Interest on bond debt	(224,477)	(605,076)	(32,663)	(862,216)	-
Amortization issuance costs	(9,939)	51,695	(6,244)	35,512	-
Total nonoperating revenue (expense)	(268,415)	136,364	85,327	(46,724)	35,826
Income (loss) before transfers and contributions	(398,257)	1,747,563	361,786	1,711,092	83,440
Capital contributions	1,476,174	-	-	1,476,174	-
Transfer to General Fund	(633,921)	(570,529)	(63,392)	(1,267,842)	-
Change in net assets	443,996	1,177,034	298,394	1,919,424	83,440
Total net assets, July 1	58,966,740	29,308,332	3,935,306	92,210,378	850,533
Total net assets, June 30	\$ 59,410,736	\$ 30,485,366	\$ 4,233,700	\$ 94,129,802	\$ 933,973

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Enterprise Funds</b>			<b>Total Business-Type Activities</b>	<b>Total Governmental Activities</b>
	<b>Utility Fund</b>	<b>Community Services Fund</b>	<b>Beach Fund</b>	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 8,088,132	\$ 16,054,502	\$ 1,433,126	\$ 25,575,760	\$ -
Receipts from interfund services provided	-	-	-	-	1,814,349
Receipts from Operating Grants	-	-	-	-	-
Payments to suppliers	(2,693,740)	(5,878,628)	(470,499)	(9,042,867)	(456,616)
Payments to employees	(2,809,018)	(6,397,364)	(574,008)	(9,780,390)	(1,290,686)
Payments for interfund services used	-	-	-	-	-
Net cash provided (used) by operating activities	<u>2,585,374</u>	<u>3,778,510</u>	<u>388,619</u>	<u>6,752,503</u>	<u>67,047</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers to general fund	(633,921)	(570,529)	(63,392)	(1,267,842)	-
Transfers to (from) other funds	-	-	-	-	-
Net cash (used) by non-capital financing activities	<u>(633,921)</u>	<u>(570,529)</u>	<u>(63,392)</u>	<u>(1,267,842)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(3,613,087)	(3,144,892)	(122,173)	(6,880,152)	(12,955)
Proceeds from sale of assets	1,215	179,119	214	180,548	7,030
Payments on capital debt	(791,569)	(1,804,638)	(240,362)	(2,836,569)	-
Non-operating income (expense)	(225,000)	366,055	110,536	251,591	-
Capital contributions	1,436,803	1,556,851	-	2,993,654	-
Interest expense	(234,878)	(618,131)	(34,636)	(887,645)	-
Net cash provided (used) by capital and related financing activities	<u>(3,426,516)</u>	<u>(3,465,636)</u>	<u>(286,421)</u>	<u>(7,178,573)</u>	<u>(5,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Other deposits	(61,542)	106,762	(116)	45,104	-
Long-term investments purchased	1,803,423	-	-	1,803,423	-
Long-term investments sold	-	986,961	1,396,103	2,383,064	117,180
Investment earnings	<u>216,319</u>	<u>144,700</u>	<u>14,703</u>	<u>375,722</u>	<u>19,302</u>
Net cash (used) by investing activities	<u>1,958,200</u>	<u>1,238,423</u>	<u>1,410,690</u>	<u>4,607,313</u>	<u>136,482</u>
Net increase in cash and cash equivalents	483,137	980,768	1,449,496	2,913,401	197,604
Cash and cash equivalents, July 1	<u>800</u>	<u>28,350</u>	<u>14,600</u>	<u>43,750</u>	<u>-</u>
Cash and cash equivalents, June 30	<u>\$ 483,937</u>	<u>\$ 1,009,118</u>	<u>\$ 1,464,096</u>	<u>\$ 2,957,151</u>	<u>\$ 197,604</u>

The notes to the financial statements are an integral part of this statement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Utility Fund	Community Services Fund	Beach Fund	Total Business-Type Activities Enterprise Funds	Total Governmental Activities Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (129,842)	\$ 1,611,199	\$ 276,459	\$ 1,757,816	\$ 47,614
Non-cash adjustments -					
Depreciation	2,734,966	2,310,850	137,549	5,183,365	8,713
Increase (decrease) in cash from changes in:					
Accounts receivable	26,215	83,547	(2,696)	107,066	-
Grants Receivable		(16,927)		(16,927)	-
Due from other Governments	-	(220,701)	(34,763)	(255,464)	-
Inventory	(30,307)	44,577	-	14,270	(832)
Prepaid expenses	(82,045)	(71,206)	(5,068)	(158,319)	(673)
Due from (to) other funds	-	6,450	(6,157)	293	-
Accounts payable	27,196	17,549	93	44,838	(324)
Accrued personnel costs	28,968	83,245	18,437	130,650	12,549
Deferred revenue and customer deposits	10,223	(70,073)	4,765	(55,085)	-
Total adjustments	2,715,216	2,167,311	112,160	4,994,687	19,433
Net cash provided (used) by operating activities	<u>\$ 2,585,374</u>	<u>\$ 3,778,510</u>	<u>\$ 388,619</u>	<u>\$ 6,752,503</u>	<u>\$ 67,047</u>

The notes to the financial statements are an integral part of this statement.



## **INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS – INDEX**

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# INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### SUMMARY OF ACCOUNTING POLICIES

#### A. Reporting Entity

The Incline Village General Improvement District (the “District”) operates under provisions of the Nevada Revised Statutes (NRS), Chapter 318. Under the law, this General Improvement District has been granted authority by Washoe County to provide water, sewer and refuse collection services, and recreational facilities and programs for the benefit of individuals owning property or residing within its geographical boundaries. The unincorporated rural areas of Incline Village and Crystal Bay, Washoe County, Nevada are within these boundaries.

The District is governed by a board of five publicly elected trustees. The District is not included in any other governmental reporting entity, since trustees are elected by the public, it is a legally separate government and it is fiscally independent of any other governmental entity. In addition, the District is not financially accountable for any other entity.

#### B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the District.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis, and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who receive a direct benefit from goods or services. Grants and contributions are restricted to meeting the operational or capital requirements of a function. General revenues reflect items that are not included as either program revenue or grants and contributions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants.

The financial transactions of the District are reported in individual purpose based fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and proprietary funds. The District has no fiduciary funds. Major funds for each fund type are presented as separate columns in the fund financial statements.

#### Measurement Focus/Basis of Accounting

The measurement focus describes the types of transactions and events that are reported in a fund’s operating statement. Basis of accounting refers to the timing of revenues and how expenditures/expense are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the District considers revenues to be available if they are collected within 60 days of the close of the fiscal period. Expenditures are generally recorded when the liability is incurred as under the accrual method of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Proprietary funds utilize the accrual basis of accounting.

The District's internal services are presented in the proprietary fund's financial statements. The principal users of Internal Services (Fleet, Engineering and Buildings) are the District's enterprise fund activities. Another internal service provides a self-insured reserve for Workmen's Compensation benefits. The entire District utilizes this reserve and it is not allocated specifically to each activity. Each activity pays premiums based on its payroll to provide resources for the reserve. All Internal Services are considered a governmental - type activity for the Government-wide financial statements. The effect of inter-fund activity has not been eliminated from the Government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has not elected to follow subsequent private-sector guidance.

The District uses the following funds:

***Governmental Funds -***

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

Major Governmental Funds      **General Fund**

***Proprietary Funds -***

***Enterprise Funds*** - The Enterprise Funds are used to account for operations of the District's Beach, Community Services and Utility Departments. The District has adopted Policy 2.1.0 and related documents which identifies those operations which are expected to breakeven versus those that receive a subsidy through the District's tax or fee authority. Breakeven operations are financed and operated in a manner where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public, on a continuing basis, be financed or recovered primarily through user charges. Operations receiving a subsidy include where the governing body has decided that periodic determination of revenues earned, expenses incurred, require additional revenues for appropriate capital maintenance, public policy, management control, accountability or other purposes.

Major Proprietary Funds      **Utilities Fund** – providing water, sewer, trash and recycling services.  
**Community Services Fund** – providing golf, facilities and catering, downhill skiing, recreation and fitness programs, parks and tennis.  
**Beach Fund** – providing beach, picnic areas, boat launching and swimming pool programs.

***Internal Service Funds*** – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District. The District provides Fleet, Engineering, and Buildings Services which includes repair and maintenance of the District's vehicles and equipment, engineering services, and buildings maintenance. The District has established a Worker's Compensation Fund that provides a self-insured reserve for current and future period benefits.

Major Internal service Funds      **Fleet Engineering and Buildings Maintenance Fund** – provides planning, construction and maintenance for the District's structures and equipment.  
**Worker's Compensation Fund** – provides District –wide self insured workers comp coverage of benefits and holds actuarially determined reserve for future benefits.

#### **D. Budgets and Budgetary Accounting**

The District adheres to the Local Government Budget Act incorporated within Chapter 354 of the Nevada Revised Statutes, which includes the following major procedures to establish the budgetary data reflected in these financial statements.

1. On or before April 15, 2009, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held on the third Thursday in May 2009. On May 21, 2009, at a public hearing, the Board adopted a final budget. On or before June 1, 2009 the final budget was filed with the Nevada Department of Taxation.

2. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all funds. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Budgets are adopted for all governmental and proprietary fund types. The governmental fund type budgets are adopted on a modified accrual basis and the proprietary funds types budgets are adopted on an accrual basis. The District can amend or augment the budget after following State Statutes and public hearing procedures. The District did not augment its budget during the 2009-10 fiscal years.

3. The legal level of budgetary control is at the fund level for the General Fund. Appropriations are adopted at the fund level. Management has no amendment authority without the District's Board approval. While the District's Board adopts budgets for the proprietary funds there is no statutory regulation over those budgets. Management is free to change the operating budgets of the proprietary funds but in practice rarely does so. Statutes do not require that capital outlay, debt service payments and other cash transactions normally reflected in the balance sheet of the proprietary funds be limited by the budget. However, it is District policy that these items be approved prior to payment and are budgeted in the consideration of cash expenditures.

4. For the year ended June 30, 2010 the District adopted the "Total Sources and Uses" approach to its budget in order to reflect all resources being used to provide for capital outlay, debt service payments and other transactions particularly in proprietary funds. This allows the District to identify the extent of current year items that are being paid from previously funded resources. The presentation includes identifying items according to character and object.

#### **E. Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition that are held for routine expenditures.

Short term investments reflect items held with maturities within one year. These are predominantly certificates of deposit and money market funds.

Long term investments reflect items held with maturities beyond one year. These include certificates of deposit and instruments issued by the Federal Government or its agencies.

Nevada Revised Statutes authorize the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government pooled investment fund; negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days.

Investments are stated at fair value as of the reporting date.

#### **F. Receivables**

Property taxes are levied no later than July 10 of each year on property values assessed for the same year. The taxes may be paid in four installments as follows: the first installment is due on or before the third Monday in September, the second installment is due on or before the first Monday in November, the third installment is due on or before the first Monday in February, and the fourth installment is due on or before the first Monday in April. If payment of the taxes is not made within ten days following the day the installments become due, penalties are assessed in accordance with NRS 361.483. Once the installments become delinquent, interest is added at the rate of 10 percent per annum. Taxes levied become a perpetual lien against the property assessed until the tax and any penalty charges and interest which may accrue thereon are paid. Washoe County assesses the property tax, bills, collects, and distributes the property tax revenue.

Accounts receivable reflects service charges to customers and resident fees that are earned but not collected. An allowance for doubtful accounts has been considered and at present is zero. The District may file a tax lien for uncollected utility service fees.

The District has been granted resources to finance the construction of a sewer service line. These funds are earned when requisite construction costs are incurred. The District has recognized funds earned but not collected by a Grant Receivable. The District also has an operating grant from Washoe County which is received quarterly in arrears. The uncollected balance of this grant is carried in Grant Receivable.

The District receives certain tax revenues in the General Fund which are collected the by the State of Nevada. These settlements arrive within 60 days of the month close when they are generated. The amounts are listed as Due From Other Governments.

**G. Inventory and Prepaid Items**

There are no inventories in the governmental funds. Inventories for Proprietary Funds are stated at the lower of cost (first-in, first-out) or market.

Certain payments are made to vendors for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**H. Deposits**

The District has restricted several deposits for the benefit of other agencies in connection with performance under construction, debt service and workers compensation benefit operations.

**I. Capital Assets**

Capital assets include land, buildings, machinery and equipment, or water rights which are reported in the applicable governmental or business-type activities column in the government-wide financial statements. If purchased or constructed, all capital assets are recorded at historical cost. Donated capital assets are valued at their estimated fair value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets (all categories except land and water rights) is charged as an expense against each fund’s operation. The District’s policy is to capitalize assets with a normal useful life of three or more years. The District’s historical records can not identify the cost of water rights. The District holds 4,272 Acre Feet of Water Rights. This represents about 1,405,000,000 gallons. Currently these costs are included in Land.

Activities of the General Fund include accounting and finance, information technology, human resources, risk management, the general manager’s office and the board of trustees. The land, buildings, furniture and equipment represents items used in common by all of the activities of the General Fund at the District’s administrative office. The computers represent equipment of the Information Technology (IT) department that services the needs of the entire District. These assets are presented as a part of government-wide net assets.

Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method. Estimated lives and capitalization thresholds of major classes of depreciable assets are as follows:

<u>Asset Category</u>	<u>Depreciable Life</u>	<u>Capitalization Threshold</u>
Equipment	3 - 20 years	\$5,000
Vehicles	10 years	\$5,000
Buildings and structures	30 - 40 years	\$10,000
Land Improvements	50 years	\$10,000

With its location within the Lake Tahoe Basin, Defensible Space is an important function for the District. This is generally accomplished through contracts with the North Lake Tahoe Fire Protection District which serves essentially the same geographic area as the District. Defensible Space expenditures range from clearing the understory to major tree removal and fuels reduction. The goal of the program is to create a “halo” around the community restricting the movement of wildfire in or out of the community. The substance of those efforts removes vegetation and other fuels as they accumulate. They are conducted as a capital expenditure however there is no assurance of the cycle or useful life of the process. The degree of work in any given area rotates over time based on conditions as assessed by the Fire District. Much of the funding for the effort comes from other governments on a Federal, State and local level. The IVGID contribution is focused on treatment of District owned parcels. The District budgets to provide resources for its share of contracted expenditures. While the work provides an ongoing benefit, the District expenses all costs as incurred. Since the entire District is served by Defensible Space, it is a function in the General Fund.

**J. Amortization of Deferred Charges**

The discounts or premiums on bonds sold and bond issuance costs are being amortized to expense over the term of the bonds.

**K. Compensated Absences and Accrued Personnel Costs**

Full-time employees are provided vacation benefits that specifically relate to tenure with the District. After six months of service, employees are entitled to their vested vacation leave upon termination. The liability for vacation benefits is recognized with an expenditure or charge to the appropriate fund and activity.

The District pays payroll every two weeks. Any District payroll earned as of month end is accrued based on the number of days attributed to that month to the total 14 days paid with the next scheduled payroll. Liabilities for fringe benefits and other costs, such as taxes, are also accrued on the same method.

The District has adopted a Risk Management Program that includes a self-insurance retention reserve for providing Workman’s Compensation benefits.

The District has adopted a plan under which certain retirees, who have met specific service requirements, can roll unused sick leave pay to cover medical expenses after retirement. Otherwise sick leave is not vested.

**L. Long-Term Debt**

In the government-wide financial statement, and proprietary fund financial statements, long term debts are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statements of net assets. Bond discounts, as well as issuance costs, are deferred and amortized using the straight-line method. Bond premiums are being amortized using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**M. Fund Equity**

In the fund financial statements, fund balance for governmental fund are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include “non-spendable” which are not expected to be converted to cash, such as inventory or prepaid items, “restricted” by conditions of law, regulation grants or contract with external parties, “committed” which arise from acts of the District’s Board, “assigned” which reflect an intent by management of the District or “unassigned” which is the residual amount.

**N. Net Assets**

In the fund and the government-wide financial statements, net assets are presented in one of three classifications. Assets invested in capital assets are net of related debt, restricted and the residual unrestricted net assets. In the governmental environment, resources are often assigned or committed to specific purposes, indicating that those amounts are not considered available for general operations. In contrast to restricted amounts, these types of constraints are internal and can be removed or modified. Therefore, assignments and commitments are not presented in the statements of net assets.

**O. Estimates**

The preparation of financial statements in conformity with GAAP 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 may differ from those estimates.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

A portion of the District's investments are placed with Wells Fargo Bank as custodian, where fair value is determined by multiplying the number of trading units held, by the quoted market value on that date. Another portion of investments are maintained in an external investment pool administered by the State of Nevada. The Local Government Income Pool is governed by the State Board of Finance and is administered by the State Treasurer. Fair value for investments maintained by this pool are also calculated by the number of trading units quoted market value at June 30, 2010. The fair value of the District's position in the investment pool is the same as the value of the pool shares.

<u>Investments at June 30, 2010</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Jumbo CD's (each \$100,000 & \$250,000)	1 to 3 years		\$2,650,000
Collateralized CD's Wells Fargo	1 month to 2 yrs		2,250,000
WF Stimulus Guaranteed	6/15/2012		250,000
Fed National Mortg Assoc.	6/22/2012	AAA	500,000
Fed National Mortg Assoc.	6/03/2013	AAA	250,000
Fed National Mortg Assoc.	6/14/2013	AAA	500,000
Fed National Mortg Assoc.	8/26/2013	AAA	500,000
Fed Home Loan Bank	11/26/2013	AAA	775,000
Fed Home Loan Bank	5/20/2014	AAA	1,000,000
Fed Farm Credit Bank	5/27/2014	AAA	1,000,000
Fed Farm Credit Bank	6/2/2014	AAA	2,000,000
Fed Home Loan Bank	6/30/2015	AAA	750,000
Fed National Mortg. Assoc	12/30/2015	AAA	750,000
FREDDIE MAC	6/20/2016	AAA	1,012,500
US Government Money Market	1 to 3 years		<u>136,170</u>
Total Wells Fargo custodial account funds			<u>\$14,323,670</u>
Nevada Treasurer's Local Government Investment Pool		Not Rated	
General Account	80 days		\$ 670,046
EPA SRF Reserve Account	80 days		258,370
TRPA Project Deposits	80 days		532,627
Workers Comp Security Deposit	80 days		<u>109,350</u>
Total Local Government Investment Pool (LGIP)			<u>\$ 1,570,393</u>
	Total All Classifications		<u>\$ 15,894,063</u>

The following classifications are based on maturities of individual instruments:

Short term investments	\$ 5,606,216
Temporarily Restricted	900,347
Long term investments	<u>9,387,500</u>
Total All Classifications	<u>\$15,894,063</u>

Interest Rate Risk - To the extent possible, the maturities of securities held within District portfolios shall be closely matched to the District's cash flow requirements for day to day operations, planned capital projects and unknown future contingencies.

Credit Risk – The District’s Investment Policy is based on the Uniform Prudent Investors Act and Nevada Revised Statutes 355.170 (NRS). The NRS authorizes the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government pooled investment fund; negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days. Diversification of the District’s investments is guided by the Uniform Prudent Investors Act.

Custodial Credit Risk - The District's cash accounts on deposit with financial institutions were covered by federal depository insurance or secured by collateral held by the District's agent in the District's name. All investment securities of the District other than the Nevada Treasurer’s Local Government Investment Pool (LGIP) are uninsured and registered in the name of the custodian, Wells Fargo Bank, for the benefit of the District.

The District’s Board of Trustees has committed several investments. A portion of the General Account LGIP, \$344,406, is for an Operating Reserve for the Community Services Fund. Another \$1,000,000 in government securities is also part of the Operating Reserve for the Community Services Fund.

### **3. RESTRICTED ASSETS**

The assets of the EPA State Revolving Fund (SRF) Reserve account may be used only to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is not pledged, and is invested in the LGIP totaling \$258,370. The assets in the TRPA (Tahoe Regional Planning Authority) Reserve may be used only to satisfy performance obligation on projects authorized by the TRPA. These usually cover several years for construction and inspection phases. The total required deposits are \$531,064, interest earned is not pledged and remains in the account. It is invested in the LGIP totaling \$532,627. The amounts identified for the Workers Comp Reserve is established according to Nevada Revised Statutes for an amount designated by the Insurance Commissioner. The amount is set aside in the event the State has to meet claims in excess of available reserves. The amount is re-evaluated each year. The amount of the pledge is \$109,000 and interest earned is allowed to stay in the account at the District’s discretion. It is invested in the LGIP totaling \$109,350.

#### 4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2010:

	Beginning Balance	Additions	Transfers and Reductions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 2,558,039	\$ -	\$ 7,047	\$ 2,565,086
Construction in Progress	28,516	450,907	(246,900)	232,523
Total	2,586,555	450,907	(239,853)	2,797,609
Other capital assets:				
Buildings and improvements	979,018	-	76,121	1,055,139
Furniture and equipment	219,886	-	-	219,886
IT equipment	1,200,844	46,903	(77,820)	1,169,927
Defensible space improvements	199,502	199,997	-	399,499
Internal Services equipment, furniture and fixtures	697,100	12,955	(428,964)	281,091
Total other capital assets at historical cost	3,296,350	259,855	(430,663)	3,125,542
Less accumulated depreciation for:				
Buildings and improvements	778,685	31,451	-	810,136
Furniture and equipment	194,704	10,853	-	205,557
IT equipment	1,056,390	47,101	(59,434)	1,044,057
Defensible space improvements	199,502	199,997	-	399,499
Internal Services equipment, furniture and fixtures	617,338	8,713	(428,964)	197,087
Total accumulated depreciation	2,846,619	298,115	(488,398)	2,656,336
Other capital assets, net	449,731	(38,260)	57,735	469,206
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 3,036,286</b>	<b>\$ 412,647</b>	<b>\$ (182,118)</b>	<b>\$ 3,266,815</b>
<b>Business Type Activities</b>				
Capital assets not being depreciated				
Land - Utility	\$ 5,126,485	\$ -	\$ 1,393,873	\$ 6,520,358
Land - Community Services	1,041,043	-	3,880,108	4,921,151
Land - Beach	2,304,850	-	-	2,304,850
Construction in Progress				
Utility Fund	1,851,779	3,656,389	(3,080,966)	2,427,202
Community Services Fund	1,381,165	3,032,360	(592,310)	3,821,215
Beach Enterprise Fund	78,037	122,171	(200,208)	-
Total	11,783,359	6,810,920	1,400,497	19,994,776
Other capital assets:				
Utility system, plant and lines	78,251,795	2,904,094	575,868	81,731,757
Utility buildings and improvements	12,517,243	-	(1,661,304)	10,855,939
Utility equipment, furniture and fixtures	3,152,671	176,872	(568,212)	2,761,331
Community Services buildings and improvements	40,245,213	266,304	8,306,643	48,818,160
Community Services equipment, furniture and fixtures	19,563,619	326,606	(12,487,500)	7,402,725
Beach buildings and improvements	3,345,978	72,373	308,204	3,726,555
Beach equipment, furniture and fixtures	431,154	49,800	(216,221)	264,733
Total other capital assets at historical cost	157,507,673	3,796,049	(5,742,522)	155,561,200
Accumulated Depreciation				
Utility system, plant and lines	38,692,245	2,192,698	332,321	41,217,264
Utility buildings and improvements	4,720,428	319,284	-	5,039,712
Utility equipment, furniture and fixtures	2,098,641	222,984	(548,794)	1,772,831
Community services buildings and improvements	13,459,888	1,342,256	-	14,802,144
Community Services equipment, furniture and fixtures	10,977,091	968,594	(412,681)	11,533,004
Beach buildings and improvements	2,048,482	132,010	93,834	2,274,326
Beach equipment, furniture and fixtures	351,323	5,539	(79,888)	276,974
Total accumulated depreciation	72,348,098	5,183,365	(615,208)	76,916,255
Other capital assets, net	85,159,575	(1,387,316)	(5,127,314)	78,644,945
<b>Business Type Activities Capital Assets, net</b>	<b>\$ 96,942,934</b>	<b>\$ 5,423,604</b>	<b>\$ (3,726,817)</b>	<b>\$ 98,639,721</b>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 289,402
Fleet, Engineering and Buildings	<u>8,713</u>
Total	<u>\$ 298,115</u>

Business-Type Activities:

Utility Fund Water and Sewer	\$ 2,734,966
Community Services	2,310,850
Beach	<u>137,549</u>
Total	<u>\$ 5,183,365</u>

## 5. EMPLOYER COMPENSATION LIABILITIES

As a regular course of operations the payroll from June 30 was paid July 2. The employee benefits earned through June 30 are also funded in the following month. At any given point the District has an obligation to its employees for the value of vacation time earned and not taken. The obligation is measured by the value due if the employee terminated. The District allows retiring employees with in excess of 25 years of service, and that have accrued sick leave, to have it converted to Medical Retiree Benefit for reimbursing post employment health related costs.

The District offers health reimbursement accounts (HRA) where part of the District's portion of paid premiums could be set aside in exchange for the insured accepting a higher deductible. The Plan is administered by the health insurance carrier. The District also has a third party administrated flexible spending account (FSA). The District maintains bank accounts exclusively for reimbursements for HRA and FSA transactions.

As of June 30, 2010 the Employer Compensation Liabilities were comprised of:

Accrued Payroll	\$ 441,667
Accrued Benefits	35,827
Deferred Comp	11,643
Health Reimbursement Accounts	60,038
Sick Leave Retirement Benefit	128,224
Workers Comp	566,000
Accrued Vacation	<u>426,985</u>
Total	<u>\$1,670,384</u>

Each of the Employer Compensation Liabilities is or could be liquidated within one year and has been classified as current. The following accounts are based on ongoing activity as opposed to a point in time accrual:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2010</u>
Health Reimbursement	\$ 58,606	\$ 30,000	\$ 25,568	\$ 60,038
Sick Leave Retirement	131,578	4,000	7,354	128,224
Workers Comp	566,000	-	-	566,000
Accrued Vacation	439,000	472,592	412,003	426,985

6. LONG-TERM DEBT

Outstanding Long-Term Debt as of June 30, 2010

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Due 10-11
<b>Medium-Term General Obligation Bonds Recreation</b>						
Recreation Golf Imp. 2002	03/01/03	03/01/13	2.8-3.6%	\$5,500,000	\$2,010,000	\$645,000
Recreation Impr. (Ski) 2008	06/18/08	06/01/18	3.5-7%	7,000,000	5,785,000	630,000
<b>General Obligation Revenue Bonds Recreation</b>						
Recreation Facilities						
Recreation and						
Refunding 2002	09/01/02	09/01/22	2.5-4.75%	6,205,000	4,250,000	245,000
Recreation Refunding 2004	02/01/04	10/01/14	2-3.25%	4,445,000	<u>2,630,000</u>	<u>590,000</u>
<b>Total Recreation Revenue Support Debt</b>					<b><u>\$14,675,000</u></b>	<b><u>\$2,110,000</u></b>
<b>Utility</b>						
State of Nevada						
Utility Contract	10/29/92	07/01/12	4%	3,925,398	\$755,326	\$320,498
Water Refunding	06/01/03	06/01/13	2-3.5%	2,130,000	710,000	230,000
Sewer Revenue (SRF)	10/28/02	01/01/23	3.14%	1,702,380	1,363,439	86,388
Water (SRF)	09/01/04	07/01/25	3.08%	1,687,402	1,392,146	71,287
Sewer (SRF)	08/01/06	09/01/26	2.73%	3,000,000	<u>2,676,847</u>	<u>135,509</u>
<b>Total Utility Revenue Support Debt</b>					<b><u>\$6,897,758</u></b>	<b><u>843,682</u></b>
<b>Total Business Type Activities Debt</b>					<b><u>\$21,572,758</u></b>	<b><u>\$2,953,682</u></b>

Long-term bonded debt activity for the year ended June 30, 2010 were as follows:

	Beginning Balance	New Issues	Principal Ending Paid	Due Within Balance	One Year
Business Type Activities Bonds Payable:					
General Obligation	\$21,910,911	\$ -	\$2,485,625	\$19,425,286	\$2,561,897
Revenue	<u>2,498,415</u>	<u>-</u>	<u>350,943</u>	<u>2,147,472</u>	<u>391,785</u>
Total	<u>\$24,409,326</u>	<u>\$ -</u>	<u>\$2,836,568</u>	<u>\$21,572,758</u>	<u>\$2,953,682</u>

**Future Debt Service Requirements as of June 30, 2010**

Fiscal Year <u>Ending June 30</u>	Debt Supported by <u>Utility Fund Revenue</u>		Debt Supported by <u>Recreation Fund Revenue</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	816,371	208,045	2,110,000	587,784
2012	841,886	179,941	1,875,000	524,233
2013	712,886	150,701	1,940,000	459,652
2014	319,971	129,791	1,695,000	384,896
2015	329,437	120,326	1,760,000	322,346
2016 to 2020	1,799,296	449,514	4,075,000	796,944
2021 to 2025	1,818,578	173,079	1,220,000	88,471
2026	<u>259,333</u>	<u>5,028</u>	<u>-</u>	<u>-</u>
Total	<u>\$6,897,758</u>	<u>\$1,416,425</u>	<u>\$14,675,000</u>	<u>\$3,164,326</u>

**7. CAPITAL GRANTS**

The District received \$1,476,174 of capital grants for the sewage export line replacement, in the Utility Fund. The Community Services Fund received Capital Grants of \$1,630,326 for the Third Creek Restoration and \$69,520 from Washoe County for the High School Park. Both projects remain in Construction in Progress and the related revenue is deferred. Construction in Progress includes \$1,644,695 for Third Creek. When completed in the fall of 2010, it will be capitalized net of grants received. Therefore, \$1,413,553 of grants received has been deferred pending completion of the project.

**8. DEFERRED COMPENSATION PLAN**

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all District employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Revisions to the accounting for this plan established by GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, no longer treat the investments of the plan as assets owned by the District. Accordingly, the Fiduciary Fund established in prior accounting periods, which accounted for the assets of the plan and the related liability to the employees of the District, has been closed and is no longer a reporting entity of the District.

**9. DISTRICT PENSION PLANS**

The District has two pension plans covering substantially all of its full-time year round employees. Those not covered under the Pension Trust Fund for Operating Engineers are covered by the District's Deposit Administration Fund.

The Pension Trust Fund for Operating Engineers is a cost sharing, multiple employer, defined benefit plan contract between the District's employees and the Operating Engineers Union and is administered by Associated Third Party Administrators (ATPA). The District is not a party to this defined benefit plan. The District's liability under the union contract is limited to making monthly contributions based on union employees' hours worked. Consequently, the District is not liable for any funding shortage of the defined benefit plan. Each year the District makes contributions to the plan equal to 100% of the District's liability under the plan agreement. The Pension Trust Fund for Operating Engineers issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Pension Trust Fund for Operating Engineers, 1640 South Loop Road, Alameda, California 94502 or by calling 800/251-5014.

The District's Deposit Administration Fund is a defined contribution plan. The plan is administered by Diversified Investment Advisors, and was established under the authority of the Board of Trustees within the District's personnel policies. The Board may amend the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. The District's policy is to contribute 10% of the employee's salary each month. Effective July 1, 2008, the District increased its contribution to participating and eligible employees for the Section 457 Plan by 2.3%. The District's contributions for each employee are fully vested after four years of service. District contributions for, and interest forfeited by employees who leave employment before fully vesting, are used to reduce the District's current-period contribution requirement. Employees are not allowed to contribute directly into this plan.

The District's total contributions for employees covered by the above plans are as follows:

<u>FYE June 30</u>	<u>Contribution to:</u>		
	<u>Section 457</u>	<u>Defined Contribution</u>	<u>Operating Engineers</u>
2010	\$307,542	\$754,476	\$58,718
2009	326,831	630,597	67,705
2008	168,677	586,581	59,055

**10. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT**

The District's insurance coverage on June 30, 2010 consists of the following:

Type	Carrier/Provider	Amount
Property Liability on buildings & contents	Lloyds of London	\$300,000,000
Auto Liability	County Risk Limited	10,000,000
Ski Resort Liability	Nova Casualty Co.	7,000,000
Boiler & Machinery	Boiler Re	60,000,000
Public Officials & Employees	County Risk Limited	10,000,000
General Liability	County Risk Limited	10,000,000
Workers Comp Excess	Midwest Employers Casualty	1,250,000

The District has elected to participate in the Nevada Public Agency Insurance Pool. The Pool secures insurance coverage for all its members. A list of insurers follows:

Underwriters at Lloyds (Property) / County Risk Limited (CRL) & Munich American Reinsurance Partners (Liability) / Boiler Re (Boiler & Machinery).

A portion of each member's premium contributions to the Pool goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. The amount of the Loss Fund contribution is determined by the underwriters based on each member's average annual losses over the prior five years. This amount may vary each year as the Pool matures.

The Pool pays all losses from the Loss Fund up to \$500,000 (\$200,000 property) per occurrence, less the member's maintenance deductible. Excess insurance above the Pool's self-funded amount, is provided by CRL for liability and Underwriters at Lloyds for property. The District has elected to self insure for all property damages to the ski lifts and auto fleet.

There were no settlements in excess of insurance coverage in any of the three prior fiscal years.

Ski Liability Insurance is not covered by the Nevada Public Agency Insurance Pool. Coverage is provided by a separate insurance program provided by Wells Fargo Insurance Services less the District's deductible. The insurers for this program are Nova Casualty Co.

Worker's Compensation Excess Insurance is also not covered by the Nevada Public Agency Insurance Pool. Excess Coverage is provided by a separate program provided by Midwest Employers Casualty Company less the District's self-insured retention.

The District has established a Risk Management Program as a function in the General Fund. The Workers Compensation Fund (an internal service fund) accounts for and finances its uninsured risks of loss. Under this program, the Risk Management Program provides coverage for up to \$1,250,000 for each worker's compensation claim. The District purchases commercial insurance for claims in excess of \$1,250,000 per claim, limited to the statutory limit. The District pays any claim cost over the statutory limit.

All funds of the District participate in the program and make payments to the Workers Compensation Fund based on actuarial estimates of the amounts needed to pay claims. These payments are determined approximate to premiums paid to independent insurers.

For fiscal year ended June 30, 2010, the Risk Management Program billed other District funds a total of \$211,150. The claims cost incurred totaled \$132,244. The District paid \$45,608 for excess claims coverage and \$20,719 in other administration costs. The District has designated all of the excess accumulated billings to fund future and accumulated self-insured retention requirements. Estimates of self-insured retention for claims liability existing on June 30, 2010 totaled \$566,000.

A complete actuarial determination of fund liabilities is completed periodically. Future claim liabilities are adjusted to reflect a report dated April 4, 2007. The general provision of \$539,537 was made during the year ended June 30, 2007 to reflect the affects of that determination. Since that time the District increased its self-insured retention (SIR) level from \$1 million to \$1,250,000. Approximately \$215,000 of the general provision was calculated specifically for the year ended June 30, 2007 under the new SIR levels. The next actuarial determination is expected in 2011.

Following is a reconciliation of Workers Comp total claims liability as of June 30.

	<u>Beginning Claims Liability</u>	<u>Claims Made</u>	<u>Claims Payments</u>	<u>General Provision</u>	<u>Ending Claims Liability</u>
June 30, 2010	\$566,000	\$132,244	\$132,244	\$ -	\$566,000
June 30, 2009	566,000	146,605	146,605	-	566,000
June 30, 2008	566,000	71,326	71,326	-	566,000
June 30, 2007	26,643	74,532	74,532	539,357	566,000
June 30, 2006	11,864	93,148	78,369	-	26,643

**11. PENDING LITIGATION**

The District has been named in lawsuits in the normal course of business. Management does not expect the outcome of these suits to have a material adverse effect on the District’s financial position or results of future operations.

**12. TRANSFERS**

Each year the District makes transfers between its General Fund and the Enterprise Funds in an amount equal to the excess or deficiency of revenues over expenditures of the General Fund. The purpose of this transfer is to maintain the General Fund’s fund balance at a sufficient level to support operations from year to year.

**13. LEASE OBLIGATIONS**

**Current Expenses:**

The District has two significant lease obligations. During the year ended June 30, 2010, \$35,523 was paid for Golf Carts used at the Mountain Golf Course and \$62,909 was paid for Golf Carts at the Championship Golf Course. These payments are included under Services and Supplies in the Community Services Fund.

**Future Minimum Lease Obligations:**

The Board of Trustees awards golf cart leases to provide a fleet to each golf course operation. The following is a recap of Future Minimum Payments for each lease and its terms:

	Lease for Use	Minimum Payments for each lease and its terms:
	<u>58 Gas Carts</u>	<u>80 Electric Carts</u>
June 30, 2011	35,523	62,909
June 30, 2012	<u>125,423</u>	<u>112,970</u>
Total	<u>\$ 175,879</u>	<u>\$ 160,946</u>

**14. CONTINGENT LIABILITY AND GENERAL FUND DEFERRED REVENUE**

The District may be affected by an initiative by taxpayers against Washoe County, Nevada. The District is located within the County. The District is not a direct party to the action. The contention has focused on the assessed valuation used to collect Ad Valorem Tax by Washoe County, for all units of government, since 2002. On October 6, 2009 a Washoe County District Court ordered that a refund is due these taxpayers. The tax portion of the refund will be taken from future tax settlements received by the District from the County. The District has not recorded a liability at this time, because there is no requirement that the District would be paying any refund from resources in hand. To be prepared for the possibility, the District adopted a budget for the fiscal year 2009-2010 that included reduced tax settlement revenue by \$245,000 for the District’s approximate share of the reduction. As of June 30, 2010 the District has classified \$270,102 as deferred revenue representing tax collections received in the fiscal year 2009-2010 that have been set aside to meet this potential liability. The current amount reflects the estimated value of the levy adjustment proposed by the Court Order. Washoe County will be responsible for any interest or other carrying costs.

**15. COMMITMENTS**

The District’s Board of Trustees adopted Policy and Practice 7 Appropriate Levels of Fund Balance to reflect requirements of GASB Statement 54. While the Statement is required for only Governmental Fund Types, the District adopted “Stabilization” amounts for Enterprise Funds as well. The Stabilization amounts are intended by the Board is to cover one year’s debt service, capital expenditures and 25% of operating expenses. The following Restrictions and Commitments exist as of June 30, 2010:

General Fund: Restricted \$129,000 to cover legal requirements under the Nevada Administrative Code to have 4% of expenditures in Fund Balance for the General Fund.

Utility Fund: Restricted \$558,563 to cover amounts required by debt and regulatory agreements for specific projects. Under Policy 7 the Utility Fund Stabilization amount is approximately \$7,025,000. Unrestricted net assets are \$9,406,203. This would indicate an excess of \$2,375,000. The District is aware of projects under its 5 year capital plan, that will likely use the entire remaining amount.

Community Services: Restricted \$232,434 to cover amount required by regulatory agreements for specific projects. Under Policy 7 the Community Services Stabilization amount would exceed \$9,000,000. That amount is not yet accumulated. The District has previously collected and designated approximately \$1,344,000 as an operating reserve (See Note 2). Under a construction contract authorized in May 2010 the District had an open contract for approximately \$2,000,000 which will be incurred and completed by December 2010 for Phase Two Ski Lodge Improvements.

Beach Enterprise Fund: Under Policy 7 the Beach Fund Stabilization amount would be approximately \$647,000. The Beach Fund Balance has over \$1,480,000 for the purpose. The District is aware of projects under the 5 year capital plan that will likely use the entire remaining amount.

Workers Compensation Fund: Restricted \$684,000 representing the balance of the Self Insurance Retention Reserve to the State of Nevada to be eligible to self insure. The total pledge is \$1,250,000 with \$566,000 in the actuarially determined liability account leaving a restricted balance.

## **16. BUDGET COMPLIANCE FOR WORKERS COMPENSATION FUND**

The District's Internal Services Funds includes an activity providing Self Insured Work Compensation benefits under Nevada Revised Statute (NRS) 616B. This places the District in a position of providing a program of insurance regardless of budget appropriations. The District annually reports its claims history for review by the State of Nevada Division of Insurance. In turn a Deposit Reserve is established and funded.

For the Fiscal year ended June 30, 2010, the expenditures for the Workers Compensation Fund exceeded its budget appropriation. The revenue exceeded the budget as well. The Fund as a whole had a \$41,303 net increase in assets. The District qualifies for the exception 2(a) to NRS 354.626 for expenditures in excess of appropriation under since this activity is for the purchase of insurance subject to an annual audit. In addition to the review done by the Division of Insurance, the District's reinsurance carrier conducts an annual audit of claims and premiums paid on wages to this Internal Service Fund.

Given the added claims expense for fiscal 2009-10, reported as a part of personnel benefits, the State Division of Insurance raised the deposit requirement to \$130,000 effective no later than December 20, 2010. The District completed increasing the deposit by \$21,000 on October 21, 2010.

# **INCLINE VILLAGE**

## **GENERAL IMPROVEMENT DISTRICT**



# **SUPPLEMENTAL INFORMATION**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Fleet Engineering Buildings	Workers Compensation	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 115,510	\$ 82,094	\$ 197,604
Investments	-	62,814	62,814
Accounts receivable	-	-	-
Interest receivable	-	10,647	10,647
Grants receivable	-	-	-
Due from Other Governments			
Inventories	43,365	-	43,365
Prepaid expenses	400	-	400
Due from (to) other funds	273	-	273
	<u>159,548</u>	<u>155,555</u>	<u>315,103</u>
Total current assets			
Noncurrent assets:			
Long-term investments	-	1,012,500	1,012,500
Restricted for debt service reserve	-	-	-
Restricted Deposits	-	109,350	109,350
Deferred bond issuance costs, net	-	-	-
	<u>-</u>	<u>1,121,850</u>	<u>1,121,850</u>
Total noncurrent assets			
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Water system plant and lines	-	-	-
Sewer system plant and lines	-	-	-
Buildings and structures	-	-	-
Equipment, furniture and fixtures	281,091	-	281,091
Total capital assets	281,091	-	281,091
Less: accumulated depreciation	(197,087)	-	(197,087)
Total capital assets (net)	84,004	-	84,004
Total noncurrent assets	<u>84,004</u>	<u>1,121,850</u>	<u>1,205,854</u>
	<u>243,552</u>	<u>1,277,405</u>	<u>1,520,957</u>
Total assets			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	(324)	-	(324)
Accrued personnel costs	21,308	566,000	587,308
Accrued interest payable	-	-	-
Deferred revenue	-	-	-
Refundable deposits	-	-	-
Current maturities of long-term debt	-	-	-
	<u>20,984</u>	<u>566,000</u>	<u>586,984</u>
Total current liabilities			
Bond Premium (net)	-	-	-
Non-current long term debt	-	-	-
	<u>20,984</u>	<u>566,000</u>	<u>586,984</u>
Total liabilities			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	84,004	-	84,004
Restricted	-	109,350	109,350
Unrestricted	138,564	602,055	740,619
Total net assets	<u>\$ 222,568</u>	<u>\$ 711,405</u>	<u>\$ 933,973</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Fleet Engineering Buildings	Workers Compensation	Total Internal Service Fund
<b>OPERATING REVENUES</b>			
Sales and fees	\$ -	\$ -	\$ -
Interfund services	1,603,199	211,150	1,814,349
Total operating revenues	<u>1,603,199</u>	<u>211,150</u>	<u>1,814,349</u>
<b>OPERATING EXPENSES</b>			
Wages and benefits	1,170,991	132,244	1,303,235
Cost of goods sold	-	-	-
Services and supplies	373,339	20,719	394,058
Insurance	1,652	45,608	47,260
Utilities	5,516	-	5,516
Legal and audit	7,953	-	7,953
Depreciation	8,713	-	8,713
Total operating expenses	<u>1,568,164</u>	<u>198,571</u>	<u>1,766,735</u>
Operating income (loss)	<u>35,035</u>	<u>12,579</u>	<u>47,614</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	72	28,724	28,796
Gain on sale of assets	7,030	-	7,030
Total nonoperating revenue (expense)	<u>7,102</u>	<u>28,724</u>	<u>35,826</u>
Income (loss) before transfers and contributions	<u>42,137</u>	<u>41,303</u>	<u>83,440</u>
Transfer to/from Other Funds	-	-	-
Change in net assets	42,137	41,303	83,440
Total net assets, July 1	<u>180,431</u>	<u>670,102</u>	<u>850,533</u>
Total net assets, June 30	<u>\$ 222,568</u>	<u>\$ 711,405</u>	<u>\$ 933,973</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Fleet Engineering Buildings</b>	<b>Workers Compensation</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ -	\$ -	\$ -
Receipts from interfund services provided	1,603,199	211,150	1,814,349
Payments to suppliers	(390,289)	(66,327)	(456,616)
Payments to employees	(1,158,442)	(132,244)	(1,290,686)
Payments for interfund services used	-	-	-
Net cash provided (used) by operating activities	<u>54,468</u>	<u>12,579</u>	<u>67,047</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Collected from Community Services	-	-	-
Transfer to Utilities	-	-	-
Net cash (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(12,955)	-	(12,955)
Proceeds from sale of assets	7,030	-	7,030
Net cash provided (used) by capital and related financing activities	<u>(5,925)</u>	<u>-</u>	<u>(5,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Long-term investments purchased	-	-	-
Long-term investments sold	66,895	50,285	117,180
Investment earnings	72	19,230	19,302
Net cash (used) by investing activities	<u>66,967</u>	<u>69,515</u>	<u>136,482</u>
Net (decrease) in cash and cash equivalents	115,510	82,094	197,604
Cash and cash equivalents, July 1	-	-	-
Cash and cash equivalents, June 30	<u>\$ 115,510</u>	<u>\$ 82,094</u>	<u>\$ 197,604</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

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	Fleet Engineering Buildings	Workers Compensation	Total Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 35,035	\$ 12,579	\$ 47,614
Non-cash adjustments -			
Depreciation	8,713	-	8,713
Increase (decrease) in cash from changes in:			
Accounts receivable	-	-	-
Prepaid expenses	(673)	-	(673)
Inventory	(832)	-	(832)
Accounts payable	(324)	-	(324)
Accrued personnel costs	12,549	-	12,549
Deferred revenue and customer deposits	-	-	-
Total adjustments	19,433	-	19,433
Net cash provided (used) by operating activities	\$ 54,468	\$ 12,579	\$ 67,047

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND - BUDGETARY BASIS  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 830,873	\$ 796,482	\$ (34,391)
Intergovernmental:			
Consolidated tax	1,109,060	1,136,483	27,423
Investment earnings	3,000	25,245	22,245
Miscellaneous	1,800	2,930	1,130
Total revenues	<u>1,944,733</u>	<u>1,961,140</u>	<u>16,407</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Administration:			
Wages and benefits	2,386,409	2,314,932	71,477
Services and supplies	445,507	326,324	119,183
Insurance	47,340	43,470	3,870
Utilities	30,888	27,445	3,443
Legal and audit	119,091	65,904	53,187
Capital outlay:			
Defensible Space	200,000	199,997	3
Other Capital Outlay	279,500	250,910	28,590
Total expenditures/expenses	<u>3,508,735</u>	<u>3,228,982</u>	<u>279,753</u>
Excess (deficiency) of revenues over expenditures/expenses	<u>(1,564,002)</u>	<u>(1,267,842)</u>	<u>296,160</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in:			
From Utility Fund	782,001	633,921	(148,080)
From Community Services Fund	713,801	570,529	(143,272)
From Beach Enterprise Fund	68,200	63,392	(4,808)
Total other financing sources	<u>1,564,002</u>	<u>1,267,842</u>	<u>(296,160)</u>
Change in fund balance ( GAAP Basis) and adopted budget	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
UTILITY FUND - BUDGETARY BASIS  
WATER, SEWER AND TRASH ACTIVITIES  
SCHEDULE OF OPERATING REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Sales and service fees	\$ 8,287,756	\$ 8,051,694	\$ (236,062)
Investment earnings	120,000	189,786	69,786
Miscellaneous	54,480	-	(54,480)
Total revenues	<u>8,462,236</u>	<u>8,241,480</u>	<u>(220,756)</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Wages and benefits	2,915,138	2,837,986	77,152
Services and supplies	1,411,113	1,247,429	163,684
Insurance	111,108	95,843	15,265
Utilities	1,432,517	1,171,061	261,456
Depreciation	2,808,570	2,734,966	73,604
Legal and audit	102,731	94,251	8,480
Debt service interest	224,477	224,477	-
Amortization of issuance costs	9,588	9,939	(351)
Transfer to General Fund	782,001	633,921	148,080
Total expenditures/expenses	<u>9,797,243</u>	<u>9,049,873</u>	<u>747,370</u>
Transmission Line Break	-	(225,000)	(225,000)
Gain (loss) on sale of assets	-	1,215	1,215
Operating and Capital Contributions	<u>2,355,375</u>	<u>1,476,174</u>	<u>(879,201)</u>
Change in net assets (GAAP basis)	1,020,368	443,996	(576,372)
Debt Service Principal	(791,569)	(791,569)	-
Capital expenditure	(6,500,628)	(3,613,087)	2,887,541
Previously funded capital resources	1,084,000	-	(1,084,000)
Amortization add back	9,588	9,939	-
Depreciation add back	2,808,570	2,734,966	(73,604)
Change in Net Assets (per adopted budget)	<u>\$ (2,369,671)</u>	<u>\$ (1,215,755)</u>	<u>\$ 1,153,565</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES FUND - BUDGETARY BASIS  
ALL RECREATION ACTIVITIES  
SCHEDULE OF OPERATING REVENUES AND EXPENSES/EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Sales and service fees	\$ 12,310,787	\$ 11,064,940	(1,245,847)
Facility fee	5,126,044	5,126,716	672
Intergovernmental -Grant	18,000	87,000	69,000
Investment earnings	48,000	144,571	96,571
Miscellaneous	568,844	366,055	(202,789)
Total revenues	<u>18,071,675</u>	<u>16,789,282</u>	<u>(1,282,393)</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Wages and benefits	7,141,172	6,480,609	660,563
Cost of goods sold	1,074,369	974,715	99,654
Services and supplies	4,184,528	3,583,322	601,206
Insurance	316,998	326,736	(9,738)
Utilities	1,115,029	949,400	165,629
Depreciation	2,405,587	2,310,850	94,737
Legal and audit	44,830	41,825	3,005
Debt service interest	618,607	605,076	13,531
Amortization of bond accounts	(49,262)	(51,695)	2,433
Transfer to General Fund	713,801	570,529	143,272
Total expenditures/expenses	<u>17,565,659</u>	<u>15,791,367</u>	<u>1,774,292</u>
Gain (loss) on sale of assets	-	179,119	179,119
Capital grants	4,002,345	-	(4,002,345)
Change in net assets (GAAP basis)	4,508,361	1,177,034	(3,331,327)
Debt service principal	(1,804,638)	(1,804,638)	-
Property Owner Discounts	353,942	354,101	159
Capital expenditure	(5,458,990)	(3,144,892)	2,314,098
Capital Grants Deferred	-	1,469,851	1,469,851
Previously funded capital resources	45,000	-	(45,000)
Amortization add back	(49,262)	(51,695)	(2,433)
Depreciation add back	2,405,587	2,310,850	(94,737)
Change in Net Assets (per adopted budget)	<u>\$ -</u>	<u>\$ 310,611</u>	<u>\$ 310,611</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 BEACH ENTERPRISE FUND - BUDGETARY BASIS  
 SCHEDULE OF OPERATING REVENUES AND EXPENSES/EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Sales and service fees	\$ 705,898	\$ 600,280	(105,618)
Facility fee	881,061	865,540	(15,521)
Investment earnings	12,000	13,484	1,484
Rents and miscellaneous	100,645	110,536	9,891
Total revenues	<u>1,699,604</u>	<u>1,589,840</u>	<u>(109,764)</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Wages and benefits	659,163	592,445	66,718
Cost of goods sold	37,807	30,038	7,769
Services and supplies	456,375	322,697	133,678
Insurance	11,376	17,159	(5,783)
Utilities	92,603	81,839	10,764
Depreciation	148,832	137,549	11,283
Legal and audit	101,298	7,634	93,664
Debt service interest	34,881	32,663	2,218
Amortization of issuance costs	6,128	6,244	(116)
Transfer to General Fund	68,200	63,392	4,808
Total expenditures/expenses	<u>1,616,663</u>	<u>1,291,660</u>	<u>325,003</u>
Gain (loss) on sale of assets	-	214	214
Capital Grants	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets (GAAP basis)	82,941	298,394	215,453
Debt Service Principal	(240,365)	(240,362)	3
Capital Expenditure	-	(122,173)	(122,173)
Amortization add back	6,128	6,244	116
Depreciation add back	148,832	137,549	(11,283)
Change in Net Assets (per adopted budget)	<u>\$ (2,464)</u>	<u>\$ 79,652</u>	<u>\$ 82,116</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
INTERNAL SERVICES FUND - BUDGETARY BASIS  
FLEET , ENGINEERING AND BUILDINGS MAINTENANCE ACTIVITIES  
SCHEDULE OF OPERATING REVENUES AND EXPENDITURE/EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010**

---

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Services provided by:			
Fleet	\$ 860,487	\$ 728,567	\$ (131,920)
Engineering	374,250	336,647	(37,603)
Buildings Maintenance	588,470	537,985	(50,485)
Investment earnings	10,200	72	(10,128)
Total Revenues	1,833,407	1,603,271	(230,136)
<b>EXPENDITURES/EXPENSES</b>			
Wages and benefits	1,337,156	1,170,991	166,165
Professional Services	9,000	7,953	1,047
Services and supplies	456,130	373,339	82,791
Insurance	1,500	1,652	(152)
Utilities	-	5,516	(5,516)
Depreciation	8,641	8,713	(72)
Total expenditures/ expenses	1,812,427	1,568,164	244,263
Gain (loss) on sale of assets	-	7,030	7,030
Change in net assets (GAAP basis)	20,980	42,137	21,157
Capital expenditure	(12,000)	(12,955)	(955)
Depreciation add back	8,641	8,713	72
Change in per adopted budget	\$ 17,621	\$ 37,895	\$ 20,274

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 WORKERS COMPENSATION FUND - BUDGETARY BASIS  
 WORKERS COMP COVERAGE FOR THE ENTIRE DISTRICT  
 SCHEDULE OF OPERATING REVENUES AND EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2010**

---

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Workers Compensation	\$ 157,738	\$ 211,150	\$ 53,412
Investment earnings	12,000	28,724	16,724
Total revenues	<u>169,738</u>	<u>239,874</u>	<u>70,136</u>
<b>EXPENDITURES/EXPENSES</b>			
Current:			
Workers compensation daims cost (benefits)	78,000	132,244	(54,244)
Professional Services	18,850	20,719	(1,869)
Insurance (reinsurance)	62,400	45,608	16,792
Total expenditures/expenses	<u>159,250</u>	<u>198,571</u>	<u>(39,321)</u>
Change in net assets (GAAP basis) and adopted budget	<u>\$ 10,488</u>	<u>\$ 41,303</u>	<u>\$ 30,815</u>

**INCLINE VILLAGE**  
**GENERAL IMPROVEMENT DISTRICT**



**STATISTICAL SECTION**  
**(UNAUDITED)**

## STATISTICAL SECTION (UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the District's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in 2003; schedules presenting government-wide information included information beginning in that year.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Net Assets

#### Last Five Fiscal Years - (unaudited)

	Fiscal Years				
	2010	2009	2008	2007	2006
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 3,266,815	\$ 3,036,286	\$ 3,016,709	\$ 2,994,897	\$ 3,010,953
Restricted	109,350	-	-	-	17,481
Unrestricted	1,356,394	1,386,546	1,153,979	964,968	398,293
<b>Total governmental activities net assets</b>	<b>\$ 4,732,559</b>	<b>\$ 4,422,832</b>	<b>\$ 4,170,688</b>	<b>\$ 3,959,865</b>	<b>\$ 3,426,727</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 76,979,760	\$ 72,410,429	\$ 64,174,429	\$ 68,794,607	\$ 65,801,719
Restricted	790,997	836,564	213,000	242,993	252,509
Unrestricted	16,359,045	18,963,385	25,851,572	17,233,543	13,313,111
<b>Total business-type activities net assets</b>	<b>\$ 94,129,802</b>	<b>\$ 92,210,378</b>	<b>\$ 90,239,001</b>	<b>\$ 86,271,143</b>	<b>\$ 79,367,339</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 80,246,575	\$ 75,446,715	\$ 67,191,138	\$ 71,789,504	\$ 68,812,672
Restricted	900,347	836,564	213,000	242,993	269,990
Unrestricted	17,715,439	20,349,931	27,005,551	18,198,511	13,711,404
<b>Total primary government net assets</b>	<b>\$ 98,862,361</b>	<b>\$ 96,633,210</b>	<b>\$ 94,409,689</b>	<b>\$ 90,231,008</b>	<b>\$ 82,794,066</b>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Changes in Net Assets and Related Items  
Last Five Fiscal Years - (unaudited)**

	2010	2009	2008	2007	2006
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,002,695	\$ 3,150,889	\$ 3,073,096	\$ 3,513,854	\$ 2,556,260
Internal services	1,766,735	2,001,647	1,797,669	1,595,554	123,211
Interest on long-term debt	-	-	-	-	865
Total governmental activities expenses	4,769,430	5,152,536	4,870,765	5,109,408	2,680,336
Business-type activities:					
Utilities	8,415,952	8,610,312	8,310,657	7,931,932	7,569,194
Community Services	15,220,838	16,318,982	17,255,049	16,207,515	15,378,928
Beach	1,228,268	1,295,830	-	-	-
Total business-type activities expenses	24,865,058	26,225,124	25,565,706	24,139,447	22,948,122
Total primary government expenses	29,634,488	31,377,660	30,436,471	29,248,855	25,628,458
<b>Program Revenues</b>					
Governmental activities:					
Internal Services	1,814,349	2,095,747	1,932,636	1,797,762	127,088
Business-type activities:					
Charges for services					
Utilities	8,051,694	8,182,416	8,264,972	8,166,379	7,212,303
Community Services	16,191,656	16,104,555	13,825,315	11,611,499	11,559,782
Beach	1,465,820	1,960,552	-	-	-
Operating Grants and Contributions	1,563,174	1,888,414	6,160,307	5,809,924	4,754,504
<b>Net (Expense)/Revenue</b>					
Governmental activities	(2,955,081)	(3,056,789)	(2,938,129)	(3,311,646)	(2,553,248)
Business-type activities	2,407,286	1,910,813	2,684,888	1,448,355	578,467
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities</b>					
Taxes					
Property taxes	796,482	985,295	1,029,668	1,017,055	1,000,032
Combined taxes	1,136,483	1,218,893	1,404,915	1,572,497	1,653,545
Investment earnings	54,041	62,449	81,700	68,108	15,516
Miscellaneous	9,960	13,843	18,189	5,806	25,352
Capital Grants and contributions	-	-	-	-	-
Transfers	1,267,842	63,532	462,952	(389,322)	(115,275)
<b>Business-type activities</b>					
Investment earnings	347,841	488,062	703,067	718,878	476,969
Capital Grants and contributions	-	-	813,896	5,854,308	5,559,154
Miscellaneous	432,139	600,955	380,487	63,581	356,408
Transfers	(1,267,842)	(63,532)	(462,952)	389,322	115,275
<b>Change in Net Assets</b>					
Governmental activities	309,727	(712,777)	59,295	(1,037,502)	25,922
Business-type activities	1,919,424	2,936,298	4,119,386	8,474,444	7,086,273
Total primary government	\$ 2,229,151	\$ 2,223,521	\$ 4,178,681	\$ 7,436,942	\$ 7,112,195

Prior to 2009 the Beach was included in Community Services. All Internal Services are Governmental Activities as of 2009.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Tax Levies, Collections and Delinquencies - Washoe County (In Thousands)  
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ending June 30,	Net Levy Roll	Current Tax Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Cumulative Taxes Collected	Total Taxes Collected as a % of Net Levy Roll
2010	\$ 504,823	\$ 495,281	98.11%	\$ -	495,281	98.11%
2009	514,531	504,268	98.01%	6,400	510,668	99.25%
2008	480,945	472,860	98.32%	5,623	478,483	99.49%
2007	446,362	442,446	99.12%	2,303	444,749	99.64%
2006	404,224	401,305	99.28%	2,759	404,064	99.96%
2005	372,704	370,001	99.27%	2,636	372,637	99.98%
2004	348,064	345,198	99.18%	2,808	348,006	99.98%
2003	320,081	316,661	98.93%	3,376	320,037	99.99%
2002	291,603	288,340	98.88%	3,214	291,554	99.98%
2001	273,864	270,702	98.85%	3,121	273,823	99.99%

SOURCE: Washoe County Treasurer's Office

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Direct and Overlapping Tax Districts  
Last Ten Fiscal Years (unaudited)**

Rate Per \$100 assessed valuation	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fiscal Year Ended June 30,										
Incline Village GID-Direct	\$ 0.0806	\$ 0.0755	\$ 0.0711	\$ 0.0687	\$ 0.0702	\$ 0.0730	\$ 0.0741	\$ 0.0695	\$ 0.0682	\$ 0.0588
Overlapping-										
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3817	1.3453	1.2705	1.2495
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385	1.1385
North Lake Tahoe Fire District	0.5389	0.5275	0.5142	0.5070	0.5118	0.5196	0.5227	0.5101	0.5068	0.5025
State of Nevada	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1500	0.1500	0.1500
<b>Total</b>	<b>\$ 3.3197</b>	<b>\$ 3.3032</b>	<b>\$ 3.2855</b>	<b>\$ 3.2759</b>	<b>\$ 3.2822</b>	<b>\$ 3.2928</b>	<b>\$ 3.2870</b>	<b>\$ 3.2134</b>	<b>\$ 3.1340</b>	<b>\$ 3.0993</b>

SOURCE: Nevada Dept of Taxation - Assessment Standards Division

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Water and Sewer Single Family Base Rates Last Ten Fiscal Years (unaudited)

Fiscal Year	Water Monthly Base Rate	Excess Rate Per 1k gallons	Sewer Monthly Base Rate	Excess Rate Per 1k gallons
2010	\$27.57	\$1.20	\$35.03	\$2.40
2009	26.01	1.17	34.61	2.37
2008	26.01	1.17	34.61	2.37
2007	24.51	1.17	33.65	2.37
2006	23.01	1.17	32.69	2.37
2005	20.71	0.97	30.24	2.00
2004	17.32	0.74	27.59	-
2003	16.65	0.71	26.53	-
2002	16.65	0.71	26.53	-
2001	16.65	0.71	26.53	-

The District charges an excess-use rate above normal demand

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Water Sold by Customer Type**  
**Last Ten Fiscal Years (unaudited)**  
**(in millions of gallons)**

---

Fiscal Year	Residential	Commercial	Total
2010	636	253	889
2009	701	298	999
2008	720	312	1,032
2007	721	252	973
2006	705	299	1,004
2005	727	305	1,032
2004	818	282	1,100
2003	738	295	1,033
2002	797	324	1,121
2001	771	338	1,109

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Statutory Debt Limitation

#### Last Ten Fiscal Years (unaudited)

Fiscal Year Ending June 30,	Assessed Valuation	Debt Limit	Outstanding and Proposed General Obligation Debt	Additional Statutory Debt Capacity
2010	\$ 1,448,979,941	\$ 724,489,971	\$ 21,572,758	\$ 702,917,213
2009	1,580,606,324	790,303,162	24,409,326	765,893,836
2008	1,877,488,689	938,744,345	27,171,775	911,572,570
2007	1,547,081,848	773,540,924	22,203,721	751,337,203
2006	1,559,038,953	779,519,477	19,594,172	759,925,305
2005	1,445,782,050	722,891,025	19,502,402	703,388,623
2004	1,399,645,447	699,822,724	19,660,000	680,162,724
2003	1,082,654,228	541,327,114	19,660,000	521,667,114
2002	972,195,797	486,097,899	12,121,311	473,976,588
2001	938,698,852	469,349,426	12,821,308	456,528,118

SOURCE: State of Nevada Department of Taxation

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Ratio of Net General Obligation Bonded Debt To Assessed Value  
and Net General Obligation Bonded Debt per Capita  
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ended	Estimated Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio	
							Debt to Value	Net Debt per Capita
2010	10500	\$ 1,448,979,941	\$ 21,572,758	-	\$ 21,572,758	-	0.00%	\$ -
2009	10500	1,580,606,324	24,409,326	-	24,409,326	-	0.00%	-
2008	10500	1,877,488,689	27,171,775	-	27,171,775	-	0.00%	-
2007	10500	1,547,081,848	22,203,721	-	22,203,721	-	0.00%	-
2006	10500	1,559,038,953	23,096,000	-	23,096,000	-	0.00%	-
2005	10500	1,445,782,050	23,305,218	10,541	23,294,677	-	0.00%	-
2004	10200	1,399,645,447	23,378,566	58,507	23,310,463	9,596	0.00%	0.94
2003	10111	1,082,654,228	22,482,792	59,959	22,372,425	50,408	0.00%	4.99
2002	10000	972,195,797	12,121,311	80,358	11,971,030	69,923	0.01%	6.99
2001	9952	938,698,852	13,009,286	87,757	12,821,308	100,221	0.01%	10.07

SOURCE: State of Nevada Assessment Standards Division

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### OUTSTANDING OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS

Last nine fiscal years (unaudited)

	General Obligation Indebtedness	Presently Self-Supported General Obligation Indebtedness	Percent Applicable * Indine Village	As of June 30, 2010 Applicable Net Debt
Washoe County	\$ 156,209,000	\$ 2,973,000	10.6%	\$ 16,255,825
Washoe County School District	524,700,000	-	10.6%	55,662,060
State of Nevada	2,279,505,000	684,975,000	1.3%	21,347,168
<b>Total</b>	<b>2,960,414,000</b>	<b>687,948,000</b>		<b>93,265,052</b>
Indine Village GID	21,573,000	21,573,000	100.0%	-
<b>Total</b>	<b>\$ 2,981,987,000</b>	<b>\$ 709,521,000</b>		<b>\$ 93,265,052</b>
Applicable Net Debt June 30:				
2009				\$ 91,229,360
2008				94,509,272
2007				94,509,272
2006				94,491,678
2005				101,065,922
2004				98,531,515
2003				91,765,276
2002				82,791,692
2001				73,798,119

Percentage Applicable based on Assessed Valuation

SOURCE: Washoe County Comptrollers Office and Nevada Department of Taxation

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Utility Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Other Revenues (Expenses)	Net Available Revenue	Debt Service	Coverage
2010	\$ 8,051,694	\$ 5,446,570	\$ (33,999)	2,571,125	\$ 1,016,046	2.53
2009	8,182,416	5,633,932	(4,226)	2,544,258	1,023,052	2.49
2008	8,264,972	5,470,951	580,657	3,374,678	949,394	3.55
2007	8,166,379	5,193,842	452,180	3,424,717	917,164	3.73
2006	7,212,303	5,084,173	685,284	2,813,414	749,433	3.75
2005	6,814,042	4,631,245	246,610	2,429,407	629,509	3.86
2004	6,603,509	4,388,207	227,047	2,442,349	588,788	4.15
2003	6,536,174	4,113,128	(48,156)	2,374,890	602,130	3.94
2002	6,509,195	3,892,884	183,497	2,799,808	589,055	4.75
2001	6,093,538	3,649,052	435,181	2,879,667	590,826	4.87

Notes- Details regarding the District's outstanding debt can be found in the notes to the financial statements. Expenses do not include interest, depreciation or amortization.

Debt service represents all outstanding debt of the Utility departments.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Community Services and Beach Fund Net Pledged Revenues Last Ten Fiscal Years (unaudited)

Fiscal Year	Operating Revenues	Less: Operating Expenses	Other Revenues (Expenses)	Net Available Revenue	Debt Service	Coverage
2010	\$ 17,744,476	\$ 13,408,419	\$ 813,979	\$ 5,150,036	\$ 2,682,739	1.92
2009	18,888,595	14,521,532	145,785	4,512,848	2,680,590	1.68
2008	19,786,122	14,308,782	657,358	6,134,698	1,796,945	3.41
2007	17,421,423	13,263,457	254,113	4,412,079	1,795,456	2.46
2006	16,314,286	12,400,074	124,548	4,038,760	1,999,453	2.02
2005	14,060,094	11,341,158	994,721	3,713,657	1,999,461	1.86
2004	11,846,806	11,525,070	513,128	834,864	1,274,242	0.66
2003	12,312,686	9,812,873	148,534	2,648,347	1,057,980	2.50
2002	13,911,384	10,430,858	1,191,572	4,672,098	879,460	5.31
2001	12,059,436	9,574,788	234,377	2,719,025	842,626	3.23

Notes- Details regarding the District's outstanding debt can be found in the notes to the financial statements. Expenses do not include interest, depreciation or amortization.

Debt service represents all outstanding debt of the Community Service and Beach Funds, because proceeds from some issued were shared.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Ratio of Annual Debt Service Expenditures  
To Governmental and Business Type Expenditures/Expenses  
For the last 10 Years (unaudited)**

Year	General Fund Balance	Annual Debt Service Expenditures	Total Government & Business-type Expenditures/ Expenses	Ratio Debt Service to Total Expenditures
2010	\$ 615,774	\$ 3,698,785	\$ 29,634,488	12%
2009	615,774	3,727,504	31,377,660	12%
2008	615,774	2,746,339	30,436,471	9%
2007	615,774	2,712,620	29,248,855	9%
2006	415,774	1,999,453	25,628,458	8%
2005	415,774	1,999,461	25,683,199	8%
2004	415,774	1,274,242	23,608,628	5%
2003	415,774	1,057,980	23,088,750	5%
2002	415,774	1,468,515	22,492,205	7%
2001	415,774	1,433,452	21,715,382	7%

Began repayment of Utility Bonds

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (unaudited)

Fiscal Year Ended	Taxable Assessed Value	Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
2010	\$ 1,448,979,941	\$ 4,139,942,689	35%
2009	1,580,606,324	4,516,018,069	35%
2008	1,877,488,689	5,364,253,397	35%
2007	1,547,081,848	4,420,233,851	35%
2006	1,559,038,953	4,454,397,009	35%
2005	1,445,782,050	4,130,805,857	35%
2004	1,399,645,447	3,998,986,991	35%
2003	1,082,654,228	3,093,297,794	35%
2002	972,195,797	2,777,702,277	35%
2001	938,698,852	2,681,996,720	35%

SOURCE: State of Nevada Department of Taxation

(Washoe County implemented a County-wide 15% reduction of assessed valuation in 2009)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Principal Property Taxpayers**

**Current Fiscal Year and Nine Years Ago (unaudited)**

Taxpayer	Type of Entity	2010		2001		rank
		Taxable Assessed Value	% of Total Assessed Value	Taxable Assessed Value	% of Total Assessed Value	
Hyatt Equities LLC	Hotel/Casino	\$ 22,361,551	1.54%	\$ 9,872,258	1.02%	2
Ponderosa Ranch Stables, LLC	Residential Property	12,232,203	0.84%			
Nevada Pacific Devel Corp	Development	11,134,369	0.77%	11,514,883	1.18%	1
David A Duffield	Residential Property	7,815,728	0.54%			
Sierra Nevada College	Educational Facility	-	0.00%	5,346,838	0.55%	5
Lakeshore Trust	Residential Property	7,385,207	0.51%			
HTS Ground Lake Tahoe INC	Residential Property	5,467,926	0.38%	8,356,854	0.86%	3
Kern W Schumacher	Residential Facility	5,382,782	0.37%			
Ten-Four-One Realty Trust	Residential Property	5,317,696	0.37%			
Tahoe Estate LLC	Residential Property	5,074,698	0.35%			
Peno Bottom Trust	Residential Property	4,798,769	0.33%			
Richard V. Sandler	Residential Property			5,989,509	0.62%	4
Dorothy L Lemelson	Hotel/Casino			4,613,648	0.47%	6
Hyatt Equities LLC	Hotel			4,355,706	0.45%	7
Cal Neva Lodge Inc	Hotel/Casino			4,019,736	0.41%	9
Paul A Bible	Residential Property			4,220,451	0.43%	8
Fred & Mary Smith	Residential Property			3,823,869	0.39%	10
<b>Total IVGID Community</b>		<b>\$ 86,970,929</b>	<b>6.00%</b>	<b>\$ 62,113,752</b>	<b>6.38%</b>	
		<b>\$ 1,448,979,941</b>		<b>\$ 972,195,797</b>		

SOURCE: Washoe County Assessors Office

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**User Statistics, Last Ten Fiscal Years  
Total number of users (unaudited)**

Program	Unit Measured	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Water	Locations	4,216	4,217	4,212	4,204	4,175	4,146	4,167	4,123	4,112	4,058
Sewer	Locations	4,116	4,115	4,109	4,108	4,082	4,062	4,047	4,019	4,015	3,966
Refuse	Locations	4,233	3,671	3,664	3,650	3,677	3,662	3,642	3,641	3,624	3,610
Championship Course	Rounds played	21,841	24,409	25,990	27,536	26,478	10,112	closed	23,187	34,546	34,436
Mountain Course	Rounds played	15,748	17,820	18,151	20,336	18,840	26,519	24,490	23,673	23,237	24,004
Beach	Individual visits	128,241	159,827	172,296	137,937	129,365	143,539	125,874	130,417	138,844	106,179
Tennis	Individual visits	11,597	14,494	8,381	13,239	14,062	12,724	10,566	9,044	8,006	7,704
Skier	Individual visits	126,867	100,709	127,668	91,056	107,042	121,481	103,234	91,967	124,131	86,476
Recreation Center	Individual visits	125,629	133,153	121,064	109,951	106,357	100,954	99,475	95,134	76,323	57,994

SOURCE: Incline Village General Improvement District

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### Recreation Fees, Last Ten Fiscal Years (unaudited)

Program fee/Parcel	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Ski	\$ 22	\$ 41	\$ 56	\$ 70	\$ 27	\$ 9	\$ 224	\$ -	\$ -	\$ -
Tennis	19	12	5	22	10	8	9	-	-	-
Parks	131	136	189	103	102	69	88	-	-	-
Recreation Center	106	104	96	96	95	113	91	-	-	-
Championship Golf	38	6	(3)	24	43	191	192	-	-	-
Mountain Golf	21	45	38	-	-	-	-	-	-	-
Beaches	113	155	150	110	100	95	96	75	75	75
Youth	22	19	20	22	14	15	16	-	-	-
Seniors	26	11	2	-	-	-	-	-	-	-
Adult Programs	4	-	-	-	-	-	-	-	-	-
Catering	(6)	(18)	2	-	(18)	(12)	-	-	-	-
Facilities	33	39	22	51	60	84	101	-	-	-
Reserves for Recreation	0	-	46	46	72	-	-	-	-	-
Golf/Tennis/Ski Bonds	85	85	85	85	85	85	85	-	-	-
Ski Lodge Bond	110	110	-	-	-	-	-	-	-	-
Chateau Capital Project	-	-	-	-	-	-	-	70	70	-
Indine Lake Property Purchase	-	-	-	31	-	-	-	-	-	-
Beach Litigation	-	-	-	30	-	-	-	-	-	-
Defensible Space	12	-	-	-	-	-	-	-	-	-
Other/Undassified	-	10	2	-	-	(82)	(340)	300	300	300
<b>Total</b>	<b>\$ 736</b>	<b>\$ 755</b>	<b>\$ 710</b>	<b>\$ 690</b>	<b>\$ 590</b>	<b>\$ 575</b>	<b>\$ 562</b>	<b>\$ 445</b>	<b>\$ 445</b>	<b>\$ 375</b>
<b>Total Collected (in 1,000's)</b>	<b>\$ 5,992</b>	<b>\$ 6,132</b>	<b>\$ 5,764</b>	<b>\$ 5,592</b>	<b>\$ 4,755</b>	<b>\$ 4,646</b>	<b>\$ 4,542</b>	<b>\$ 3,585</b>	<b>\$ 3,408</b>	<b>\$ 2,946</b>

For years prior to 2004, the Recreation Fee was only broken down by Beach, special projects and all other.

Amounts appearing in brackets represent instances where prior period resources were used in lieu of the current fee.

The Recreation Fee can be a resource for operating expenses, debt service or capital purchases. It is set annually.

SOURCE: Incline Village General Improvement District

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Position and Full Time Equivalent Personnel Summary  
Community Services and All Other Activities  
For the last 10 Years (unaudited)**

		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	
Golf	Seasonal/Part Time Positions	95.0	94.5	70.5	70.5	78.0	78.0	73.0	76.0	74.0	77.0	
	Season/Part Time FTE	36.5	37.2	29.4	31.4	34.7	28.9	20.4	37.8	36.5	37.1	
	Full Time FTE	10.2	10.5	13.4	13.4	9.0	5.7	5.9	5.3	5.7	6.0	
	Total FTE	46.8	47.8	42.8	44.7	43.7	34.6	26.3	43.0	42.2	43.2	
Facilities	Seasonal/Part Time Positions	10.0	10.5	1.5	11.5	9.0	8.0	0.0	2.0	17.0	15.0	
	Season/Part Time FTE	7.2	7.4	0.7	4.8	1.5	1.3	0.0	0.6	8.0	7.0	
	Full Time FTE	5.8	6.0	1.0	1.0	4.0	1.0	0.2	2.0	3.3	4.5	
	Total FTE	13.0	13.4	1.7	5.8	5.5	2.3	0.2	2.6	11.3	11.5	
Ski	Seasonal/Part Time Positions	243.0	243.0	212.0	208.0	235.5	234.0	234.0	220.0	223.0	233.5	
	Season/Part Time FTE	44.7	44.4	40.6	40.0	40.6	38.1	43.1	44.9	45.4	46.8	
	Full Time FTE	15.6	15.2	10.6	10.6	10.1	9.1	10.6	10.6	10.0	10.0	
	Total FTE	60.3	59.5	51.2	50.6	50.7	47.2	53.7	55.5	55.4	56.8	
Parks & Recreation	Seasonal/Part Time Positions	106.5	107.6	196.0	182.0	192.5	178.0	186.0	160.5	127.5	125.0	
	Season/Part Time FTE	29.8	30.4	42.5	39.8	37.1	36.1	36.1	36.5	29.1	28.1	
	Full Time FTE	14.7	14.4	17.0	14.8	15.4	17.4	16.0	15.7	15.8	15.0	
	Total FTE	44.4	41.4	59.5	54.6	52.5	53.5	52.1	52.2	44.9	43.1	
Marketing	Seasonal/Part Time Positions	2.0	2.0	2.0	20.0	2.0	2.0	2.0	2.0			
	Season/Part Time FTE	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	In Ski		
	Full Time FTE	3.0	3.0	3.0	3.0	3.0	5.0	5.0	3.0			
	Total FTE	3.7	3.7	3.7	3.7	3.7	5.7	5.7	3.8			
Food & Beverage	Seasonal/Part Time Positions	59.0	59.0	58.0	68.0	59.0	48.1	47.6	53.6	54.0	53.5	
	Season/Part Time FTE	18.9	18.8	21.5	18.6	15.8	10.5	9.3	13.7	14.8	15.1	
	Full Time FTE	5.6	5.6	6.0	6.0	6.0	4.0	5.0	4.0	4.0	4.0	
	Total FTE	24.5	24.4	27.5	24.6	21.8	14.5	14.3	17.7	18.8	19.1	
Total Community Service	Seasonal/Part Time Positions	454.5	455.6	540.0	542.0	576.0	560.1	542.6	514.1	495.5	504.0	
	Season/Part Time FTE	118.2	119.3	135.4	135.3	130.4	115.6	109.6	134.3	133.8	134.2	
	Full Time FTE	46.4	46.1	51.0	48.7	47.5	42.2	42.7	40.5	38.7	39.5	
Beach	Seasonal/Part Time Positions	95.6	93.5	Prior to 2009 Beach were included in Parks & Recreation								
	Season/Part Time FTE	14.4	13.8									
	Full Time FTE	3.7	3.1									
	Total FTE	18.1	16.9									
Administration	Seasonal/Part Time Positions	4.0	4.0	4.0	3.0	2.0	2.0	2.0	5.0	5.0	4.0	
	Season/Part Time FTE	1.2	1.2	1.5	1.5	1.5	1.5	1.5	1.8	2.1	1.3	
	Full Time FTE	21.2	21.2	21.0	21.0	21.0	21.3	22.3	22.0	22.3	22.5	
	Total FTE	22.4	22.4	22.5	22.5	22.5	22.8	23.8	23.8	24.3	23.8	
Engineering	Seasonal/Part Time Positions	1.0	1.0	1.0	1.0	1.0	2.0	3.0	2.0	3.0	3.0	
	Season/Part Time FTE	0.2	0.2	0.2	0.2	0.1	0.8	1.1	0.6	1.1	1.4	
	Full Time FTE	2.8	2.8	2.8	2.8	2.9	2.4	3.4	4.0	4.0	4.8	
	Total FTE	3.0	3.0	3.0	3.0	3.0	3.2	4.4	4.6	5.1	6.2	
Fleet	Seasonal/Part Time Positions	0.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0	0.0	0.0	
	Season/Part Time FTE	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.3	0.0	0.0	
	Full Time FTE	7.0	7.0	7.0	7.0	6.0	5.0	5.0	5.0	6.0	6.0	
	Total FTE	7.0	7.0	7.0	7.5	6.0	5.0	5.0	5.3	6.0	6.0	
Buildings	Seasonal/Part Time Positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	2.0	
	Season/Part Time FTE	0.5	0.5	0.5	0.5	0.5	0.5	0.3	0.3	0.0	1.1	
	Full Time FTE	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.0	4.0	2.5	
	Total FTE	4.5	4.5	4.5	4.5	4.5	4.5	4.8	4.3	4.0	3.6	
Utilities	Seasonal/Part Time Positions	2.0	2.0	20.0	2.0	3.0	6.0	6.0	7.0	6.0	10.0	
	Season/Part Time FTE	0.7	0.7	0.7	0.7	1.3	2.5	2.8	2.9	2.6	5.0	
	Full Time FTE	31.7	31.7	31.7	30.7	29.7	29.2	29.2	28.5	29.0	25.7	
	Total FTE	32.4	32.4	32.4	31.4	30.9	31.7	31.9	31.4	31.6	30.7	
District Wide	Seasonal/Part Time Positions	558.1	557.1	548.0	549.0	583.0	571.1	554.6	526.1	509.5	523.0	
	Season/Part Time FTE	135.2	135.7	138.2	138.6	133.7	120.9	115.2	136.2	139.6	143.0	
	Full Time FTE	116.7	115.9	117.5	114.2	111.0	104.0	107.0	104.0	104.0	101.0	
	<b>Total FTE</b>	<b>251.9</b>	<b>251.5</b>	<b>255.7</b>	<b>252.8</b>	<b>244.7</b>	<b>224.9</b>	<b>222.2</b>	<b>240.2</b>	<b>243.6</b>	<b>244.0</b>	

Source: Incline Village General Improvement District Operating Budget for Authorized Positions.

# **INCLINE VILLAGE**

## **GENERAL IMPROVEMENT DISTRICT**



# **COMPLIANCE SECTION**



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## 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  
Incline Village General Improvement District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Incline Village General Improvement District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Incline Village General Improvement District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Incline Village General Improvement District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

This report is intended solely for the information and use of management, the board of trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Barbara, Vogler & Co.*

Reno, Nevada  
December 27, 2010





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Incline Village General Improvement District

**Compliance**

We have audited Incline Village General Improvement District's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Incline Village General Improvement District's major federal programs for the year ended June 30, 2010. Incline Village General Improvement District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Incline Village General Improvement District's management. Our responsibility is to express an opinion on Incline Village General Improvement District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Incline Village General Improvement District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Incline Village General Improvement District's compliance with those requirements.

In our opinion, Incline Village General Improvement District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

## Internal Control Over Compliance

Management of Incline Village General Improvement District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Incline Village General Improvement District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Incline Village General Improvement District's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Incline Village General Improvement District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Incline Village General Improvement District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Barrard, Vogler & Co.*

Reno, Nevada  
December 27, 2010



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
Department of Defense Direct Programs:			
ARRA – Montana, Nevada, New Mexico, Utah, Idaho, & Wyoming Environmental Infrastructure (Section 595)	12.121		\$ 459,927
Section 108 of Division C of the Consolidated Appropriations Act of 2005, Public Law 108-447	12.Unknown		<u>1,035,291</u>
Total Department of Defense Direct Programs			1,495,218
Department of Agriculture Pass-Through Program from:			
South Tahoe Public Utility District Cooperative Forestry Assistance Act of 1978, Public Law 95-313, as amended	10.664	09-DG-11052012-258	<u>650,302</u>
Total Department of Agriculture Pass-Through Programs			<u>650,302</u>
Total Expenditures of Federal Awards			\$ <u>2,145,520</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Incline Village General Improvement District under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Incline Village General Improvement District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Incline Village General Improvement District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C - LOAN EXPENDITURES

In accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, loan expenditures are reported as the total of new loans received plus the balance of loans from previous years from which the federal government imposes continuing compliance requirements.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION I: SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Incline Village General Improvement District.
2. No significant deficiencies related to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of Incline Village General Improvement District, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report On Compliance With Requirements That Could Have A Direct and Material Effects On Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133*. None of these significant deficiencies are considered material weaknesses.
5. The auditors' report on compliance for the major federal award programs for Incline Village General Improvement District expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:  
  
CFDA 10.664, Cooperative Forestry Assistance  
  
CFDA 12.121, ARRA - Montana, Nevada, New Mexico, Utah, Idaho, & Wyoming Environmental Infrastructure (Section 595)
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Incline Village General Improvement District was determined to be a low-risk auditee.

**SECTION II: FINDINGS – FINANCIAL STATEMENTS AUDIT**

There are no financial statement findings.

**SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2010-1 Insufficient Communication Among Responsible Personnel**

Federal agency: U.S. Department of Defense  
Direct program from: U.S. Department of the Army, Office of the Chief of Engineers  
ARRA - Montana, Nevada, New Mexico, Utah, Idaho, & Wyoming Environmental  
Infrastructure (Section 595)  
CFDA 12.121  
Award number: 0348-0004  
Award year: August 26, 2009 through September 30, 2010

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

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*Criteria:* The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of grant agreements that could have a material effect on each of its Federal program as found in § \_\_\_\_ .300 of OMB Circular A-133.

*Condition:* Incline Village General Improvement District's internal control to ensure effective communication within the organization in order to identify, capture, and exchange critical information is not operating as designed and is therefore ineffective in ensuring that personnel in charge carry out their responsibilities. Specifically, when the Amendment No. 2 between Incline Village General Improvement District and the U.S. Army Corps of Engineers was signed in August 2009, a copy was not provided to all necessary departments which are impacted by this agreement. The grantor informed Incline Village General Improvement District of critical changes in compliance requirements related to the American Recovery Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5). However, not all necessary staff levels were made aware of the amended grant information including the CFDA number and new ARRA funding source. Consequently, ARRA sourced funds were not segregated from other Federal awards in the accounting system and certain specific ARRA requirements such as Buy America and the Davis Bacon Act were not communicated to all contractors and subcontractors. We consider this condition to be a significant deficiency in relation to the audit objective in the *Compliance Supplement* that requires Incline Village General Improvement District to establish and to maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and the provisions of grant agreements.

*Questioned Costs:* None noted. We identified no questioned costs in our tests of compliance with this requirement, despite the ineffective internal control.

*Context:* Specific information related to ARRA funded programs including CFDA number, Buy America requirement, and Davis Bacon Act requirement were not identified to all contractors and subcontractors. Funding from ARRA was not segregated in the accounting system.

*Effect:* Incline Village General Improvement District has no assurance that compliance requirements under ARRA are met. Therefore, Incline Village General Improvement District may be in violation with the provisions of the grant agreement.

*Cause:* Communication from the grantor agency was not distributed to all necessary staff levels within impacted departments. A copy of the Amendment No. 2 between Incline Village General Improvement District and the U.S. Army Corps of Engineers was not effectively communicated between the necessary departments within the District in order to ensure full and complete compliance with all of the requirements as set forth under ARRA. Follow-up discussions between departments to assess the risks of noncompliance related to this amendment were not sufficient.

*Recommendation:* Critical information related to Federal awards should be provided to all necessary staff levels in impacted departments to ensure compliance with laws, regulations, and grant agreements. Top management oversight may be necessary to ensure the proper distribution of communications from grantor agencies.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

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*View of Responsible Officials:*

The Incline Village General Improvement District values its relationships with funding partners. In the spring of 2009 the District's Accounting and Engineering Departments identified the possibility that the District could receive grants under the American Recovery Reinvestment Act of 2009 (ARRA). In preparation for this, the District's Accounting and Engineering staffs discussed the need to identify and comply with ARRA requirements. Thus a framework and design for compliance was established. Early internal discussions identified probable funding partners for ARRA. Under the final awards, the exact opposite of what was anticipated occurred and the ARRA Funding went to an existing project, while a new initiative was funded by non-ARRA Federal resources.

The condition resulting in Finding 2010-1 is based on a breakdown of internal communication between Departments, when conditions changed from the expected, which led to a continuation of accounting for a multi-year project under which one phase was actually funded by ARRA. As a multi-phase project, most of the contractual obligations were in place prior to any ability to serve notice of Buy America or Davis Bacon as defined by ARRA. However, this project has been under the Federal Section 595 Program for several years and had an established pattern of compliance with Nevada Prevailing Wage. As soon as notice was received, the Engineering Department contacted vendors under contract, alerting them to the need to Buy America. Prevailing Wage (considered an equivalent to Davis Bacon Act) requirements were already in the contracts with vendors. The Engineering Department contacted the material supply vendor. That vendor supplied information to indicate they met Buy America requirements. This sequence of events did not meet the exact compliance needs of ARRA due to the timing of notice of award and not utilizing the required documentation. Key dates to this sequence include; Execution of contract for construction 2/29/09, e-mail inquiry by Army Corp of Engineers of possible ARRA Funding 6/18/09, e-mail response indicating Grantee's intention to comply 6/19/09, first draw (19) under ARRA is issued 6/19/09, inquiry made of material supplier to Buy America 6/30/09, undated reply received from supplier in letter form (not ARRA Buy America form) acknowledging requirements were met, Amendment Signed making Section 595 Funding under ARRA 8/26/09, Draw 20 representing work through June 30, 2009, indicating \$1,214,553 of a total of \$1,323,306 completed, check issued 9/14/09. Engineering staff, in the regular course of managing the Project, receive, review and record Prevailing Wage compliance. This level of compliance has been found to equal or exceed Davis Bacon Act. Unfortunately, it does not include the same notice and it was not possible to give such notice to the contractor or its employees under the time lines experienced by the award. The District's perspective is that existing practices, supplemented by other actions, met the spirit of compliance albeit out of order, and resulted in allowable costs claimed by the project.

As Corrective Action; the Accounting and Engineering Departments are committed to a comprehensive exchange of documentation of awards and reports. These communications will flow from the top down. This flow of communication should allow each Department to identify and execute their respective function in the administration of Federal Financial Assistance, and meet the needs of the programs and Grantor agencies. This action was immediately implemented upon notification of Finding 2010-1.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

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2010-2 Risk Assessment Associated with New Grant

Federal agency: U.S. Department of Agriculture  
Pass-through entity: South Tahoe Public Utility District  
CFDA 10.664, Cooperative Forestry Assistance  
Award number: 09-DG-11052012-258  
Award year: July 16, 2009 through June 30, 2011

*Criteria:* The OMB Circular A-102 Common Rule (7 CFR 3016) requires grantees to establish, maintain, and monitor internal controls to fulfill compliance requirements.

*Condition:* Incline Village General Improvement District's internal control to identify and comply with applicable laws, regulations, and provisions under the grant agreement is not operating as designed and is therefore ineffective. Specifically, Incline Village General Improvement District set policies and procedures to satisfy compliance requirements that were not applicable to this grant based on inaccurate Federal award information provided by the pass-through entity. This would have been prevented if Incline Village General Improvement District verified the Federal award information at the time of award. Though it is the responsibility of the pass-through entity to provide Incline Village General Improvement District accurate information, the burden of compliance rests with Incline Village General Improvement District. We consider this condition to be a significant deficiency in relation to the audit objective in the *Compliance Supplement* that requires determination of applicable laws, regulations, and provisions under the grant and assess the risks of noncompliance in order to meet requirements.

*Questioned Costs:* None noted. We identified no questioned costs in our tests of compliance with this requirement, despite the ineffective internal control.

*Context:* The grant was misclassified as a funding by ARRA as identified by the pass-through entity. Based on this assumption, Incline Village General Improvement District applied compliance requirements under ARRA which were not applicable to this grant. Communication from the pass-through entity was not verified at the time of the award.

*Cause:* The pass-through entity did not provide a complete set of information as to Federal award including CFDA number, title, and funding sources. The pass-through entity also informally identified funding source as ARRA. Incline Village General Improvement District personnel did not verify federal award information from publicly available sources.

*Effect:* Incline Village General Improvement District has no assurance that applicable compliance requirements are satisfied.

*Recommendation:* We recommend that Incline Village General Improvement District request detailed Federal award information including CFDA number and title, award name, funding source, and grant terms and conditions from the pass-through entity at the time of the award and verify its accuracy with publicly available sources such as Catalog of Federal Domestic Assistance and OMB Circular A-133 Compliance Supplement.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

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*View of Responsible Officials:*

When funding was received for the grant award, it was orally communicated the source of the funding was under the American Recovery Reinvestment Act of 2009 (ARRA). This was further perceived by the presence of a Buy America provision which had been highly publicized with the development of ARRA. As such compliance was designed to isolate these resources within the single project accounting. Regular reports were provided to the funding agency. Notice was given to vendors about Buy America and general standards including Prevailing Wage were incorporated into all contracts. The District did not independently verify the source of funding until it was questioned by the District's auditors. Only at that point did it become known that CFDA 10.664 is not ARRA related. The District administers other Federal Financial Assistance. Reporting packages for those draws were used as a basis for applications and periodic reports for this Award. Some modification of who performed District procedures were allowed for this Award to provide closer communication between the District's project manager and the funding agency. The accounting department supported these efforts, under the belief the project was ARRA supported. ARRA requirements were considered because of the presence of the Buy America Act requirements. The District procedures and processes were sufficient to result in the Federal Grant being charged for allowable costs and performance executed in a manner that would meet the compliance requirements of the Award.

As Corrective Action – Finding 2010-2; the Accounting and Engineering Departments are committed to a comprehensive exchange of documentation of awards and reports. These communications will flow from the top down. This flow of communication should allow each to identify and execute their respective function in the administration of Federal Financial Assistance, and meet the needs of the programs and Grantor agencies. One step in particular, to be performed by the District's Controller, will be the independent verification of the Federal Funding Source by referral to public information on CFDA sources and other program requirements. Based on these guidelines the District's Accounting staff will maintain complete records of costs, administration of the program, and advise the Engineering Department of any necessary actions for documentation under a particular CFDA or other Federal Circular requirements. Engineering will continue to be the repository and source of direct contact with vendors and funding partners, to the extent necessary, to properly manage and execute the project construction or installation and verification of compliance with contract conditions.

**SECTION IV: SUMMARY OF PRIOR AUDIT FINDINGS**

No prior year findings



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## **REPORT ON COMPLIANCE WITH NEVADA REVISED STATUTES AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

To the Board of Trustees  
Incline Village General Improvement District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance with Nevada Revised Statutes and regulations applicable to Incline Village General Improvement District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether Incline Village General Improvement District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of Nevada Revised Statutes (N.R.S.) and the Nevada Administrative Code, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported.

N.R.S. 354.624 and 354.6241 require that we provide a statement of assurance that specified funds are being used in accordance with the provisions of Chapter 354, whether the funds are being administered in accordance with accounting principles generally accepted in the United States of America, whether the reserve in the funds are limited to an amount that is reasonable and necessary to carry out the purposes of the funds, and sources of revenues available for the funds, the statutory and regulatory requirements of the fund, and the fund balance and net assets of the funds. We applied procedures to test the District's compliance with these requirements applicable to the following funds:

- Enterprise Funds
- Internal Service Fund

The results of our audit procedures did not disclose any instances of noncompliance with the requirements referred to above. Each fund can be found within these financial statements, which detail the sources of revenue, including transfers from any other funds, and the fund balance or net assets of each fund.

This report is intended solely for the information and use of management and the board of trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Barbara, Vogler & Co.*

Reno, Nevada  
December 27, 2010



## AUDITORS' COMMENTS

### STATUTE COMPLIANCE

The District conformed to all significant statutory constraints on its financial administration during the year (see Note 16).

### PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

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

### CURRENT YEAR AUDIT RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within our audit report.

### PRIOR YEAR AUDIT RECOMMENDATIONS

We did not note any financial weaknesses of a magnitude to justify inclusion within our audit report.



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**



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**GENERAL IMPROVEMENT DISTRICT  
ONE DISTRICT ~ ONE TEAM**

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**INCLINE VILLAGE, NEVADA**