

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY: DEPARTMENT OF FINANCE & ACCOUNTING



GENERAL IMPROVEMENT DISTRICT
ONE DISTRICT ~ ONE TEAM

GREETINGS!

The following pages comprise the Incline Village General Improvement District (IVGID) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2015. Our financial records support what is further proof of a financially sustainable government model, which IVGID offers the communities of Incline Village and Crystal Bay.

IVGID's enviable financial condition continues with our increases in net position, readily available cash, low debt ratio and no unfunded pension and medical liabilities.

Over the past five years:

- Our cash position has remained stable while our net investment in capital assets has increased from \$101.2 million to \$105.1 million.
- Our annual expenses have increased cumulatively by less than 2%, or on average, less than half a percent per year.
- Our utility revenues have increased by 3.5% to ensure adequate cash flow to not only fund annual operations but to also fund future capital improvement needs, especially the effluent pipeline project.
- Our user fee revenues have been relatively stable despite recessionary pressures and less than favorable weather conditions during most of the period.
- Our governmental revenues (property tax and combined taxes) are no longer subject to litigation refunds and have shown a steady increase over the entire period.
- Our bonded indebtedness has dropped from \$2,052 to \$1,299 per capita.
- Our recreation fee cost to the property owners has remained flat over the entire period.

Current Conditions:

- Our unrestricted net position of \$20.4 million is 71% greater than our total outstanding indebtedness of \$11.9 million
- Since 2009, our outstanding indebtedness has dropped from \$24.4 million to \$11.9 million.
- Our outstanding indebtedness is only 1.6% of our statutory debt capacity.
- Our ratio of debt service to total expenditures has dropped to 9%.

Conclusion

Despite this track record of exceptional financial performance, we refuse to rest on our laurels and we will continue to endeavor to provide quality service to all of our customers at the lowest cost possible. In addition, we will continue to excel in financial and capital planning in the most transparent, inclusive manner possible.

I'd like to personally thank Gerry Eick, our Finance Director, along with his dedicated staff for all the work that they do throughout the year and in conjunction with this important document. I'd also like to thank all of our stakeholders: property owners, business owners, residents, guests and our employees for their continuing support of all of our operations. Together, we all play a part in making Incline Village/Crystal Bay one of the most livable communities in the nation.

Steven J. Pinkerton
General Manager



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INTRODUCTION





December 8, 2015

**Citizens of Incline Village and Crystal Bay
Board of Trustees for the 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, 2015. The Finance 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 Eide Bailly, LLP. 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, 2015, 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 unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The unqualified Independent Auditors' Report appears in the Financial 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 9,000 residents. The District provides, in accordance with the enabling legislation, water, waste water, and solid waste 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, 35,000 golfers, and 150,000 beach users, and oversees a variety of other activities including over 125,000 visits to the Recreation Center annually.

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

IVGID's Long Range Principles

In 2012 the District adopted its Long Range Principles. Under the direction of the Board of Trustees and the leadership of the District General Manager, the Principles focus on a best use of public funds to allocate valuable District resources to all enterprise operations and internal services in the future.

RESOURCES AND ENVIRONMENT - Considering the best use of public funds and community assets, the District will continue to promote and enhance the resources, environment, and quality of life of the communities of Incline Village and Crystal Bay and the Lake Tahoe Basin by:

- Promoting and maintaining water conservation, watershed protection and water rights allocations
- Promoting and maintain awareness and effectiveness of recycling and waste issues
- Protecting and maintaining District lands for the community through programs and projects.

FINANCE – Considering the best use of public funds and the use of community's assets 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:

- Adhering to Government Generally Accepted Accounting Principles
- Participate in industry/professional organizations
- Be compliant with State and Federal regulations

WORKFORCE – The District will attract, maintain and retain a highly qualified, motivated and productive workforce considering the best use of public funds and the requirements of the community's assets:

- When position openings occur, Staff will evaluate job descriptions, need to fill, level of and related compensation of the position
- Re-evaluate, annually, during the budget process the optimum level of Staff and related total compensation, necessary to each department as it relates to industry standard and levels of service.

SERVICES – The District will provide high quality service to all its customers considering the best use of public funds and its assets by:

- Maintaining Customer Service Retention Training for new, returning and existing employees across all venues
- Committing to evaluate Customer Loyalty/Satisfaction

FACILITIES – Maintaining and enhancing the District's infrastructure/facilities, to provide superior long term utility services and recreation activities in accordance with Government regulations.

COMMUNICATION – Considering the best use of public funds and the requirements of the District assets, the District will engage and educate to promote understanding of the programs, activities, services, business and ongoing affairs.



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 2014, two of the five trustee terms were up. Upon being elected, the trustees assume 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 is led by District General Manager Steven J. Pinkerton. The District has made a commitment to quality services, expanding services, and continues to upgrade and maintain the aging infrastructure. The District has made many capital investments out of current resources, along with paying off bonds utilized to finance improvements since 2001. The Facility Fee, which is charged by parcel, is a major source for both capital expenditure and debt service for the Community Services Fund and the Beach Fund. The Utility Fund has been increasing its rates for several years in anticipation of a major improvement to the effluent export pipeline that is several years away from construction.

The District adheres to the Local Government Budget Act incorporated within Nevada Revised Statutes, which includes prescribed procedures to establish the budgetary data reflected in these financial statements. On or before April 15, 2014, 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 before June 1, 2014, at a public hearing, the Board adopted a final budget for the year ended June 30, 2015. 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. The District did augment its budget for Internal Services on June 24, 2015 and filed the documents with the State of Nevada.

District Financial Initiatives and Accomplishments

The Board of Trustees establishes policy and direction. Within the framework of the Long Range Principles and that direction, management develops initiatives for each budget year. For the year ending June 30, 2015 emphasis was placed on capital improvements and communication.

Utility Rates to Support Infrastructure The District has identified approximately 6 miles of effluent pipeline for replacement over a series of years. This project is expected to total at least \$15,000,000. This replacement will be paid for by rate increases rather than debt. Sewer Rates have been increased for several years to accumulate more resources for this project. Water rates have been adjusted to a strictly pay for what you use. The latest rate increase went into effect in May 2015. Results of the Utility operations exceed budget. The resources intended to be accumulated in this fiscal year, for the effluent project, have been invested.

Hold the combined Recreation and Beach Facility Fee at \$830 The fiscal year 2014-15 marks the fifth year in which the combined fee was held to \$830. The facility fee revenue was realized as planned.

Minimize the year to year changes in the Facility Fee caused by capital expenditures Fiscal year 2014-15 also marks the fifth year for what has become known as “smoothing”. This is an initiative used during development of the 5 year capital plan, to schedule projects in a way to provide reasonably level amounts for capital expenditure thus leading to not changing the total Facility Fees from year to year. The Recreation and Beach Facility Fee is intended to generate resources for operations, debt service and capital expenditures. The debt service and capital expenditure components are budgeted based on specific issues and projects. Over the last 8 years, the District included 6 provisions to build resources for the Community Services Fund, which in turn helps develop working capital to support general operations. Results of operations for the Community Services Fund were slightly under budget; however the reserve stands at \$2,679,925 and is a part of investments.

Workforce and Personnel The job description and classification for each position is considered during the budget process. During 2014-15, the District expected to incur additional costs for implementing the Affordable Health Care Act. With the deferral of those requirements, the costs were not incurred. However, the District began a close monitoring of the seasonal positions that could be eligible under the 1560 hour rule.

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 Reno-Sparks Convention & Visitors Authority report at June 2015 indicates the combined room occupancy rate is down 2.2% from last year.

Development within the District is challenged by the availability of parcels for redevelopment. There are commercial projects planned in Crystal Bay. The preliminary development permits for the projects have been approved. The scope of the development will be determined by the construction permitting process. It is anticipated to have a positive effect on the area.

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).

The 2010 census population of 9,087 reflects an 8% decrease since 2000. Of the District's 7,954 housing units, the Census reports 3,353 for seasonal recreation use. This is 14% more than the number in 2000. There is no indication of a change in these factors as of 2015. The median housing value at June 30, 2015 for single family residence and condo sales for Incline Village and Crystal Bay are \$895,000 and \$432,500, representing a 10% increase on residence and a 2% increase on condos over last year. For the entire Washoe County the values were \$288,500 and \$136,000 respectively. Values in Incline Village and Crystal Bay tend to be more than the general County because of a strong demand by California buyers looking for a preferred tax address in the Tahoe Basin.



The Reno-Sparks June 2015 unemployment rate of 6.4% and is lightly under the State at 6.9% and is above the national level at 5.3%.

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.

Beginning in 2010, the District has had a portion of its property tax settlements offset to settle a court ordered tax refund by Washoe County. The General Fund was able to meet this obligation while maintaining service levels while the refund was completed. Over the course of four years the total offset was approximately \$1,200,000. A new action has been taken to the NV Supreme Court to decide if another round of refunds should be ordered. A decision has not been released.

Awards

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, 2014. This was the fifteenth 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.



Acknowledgments

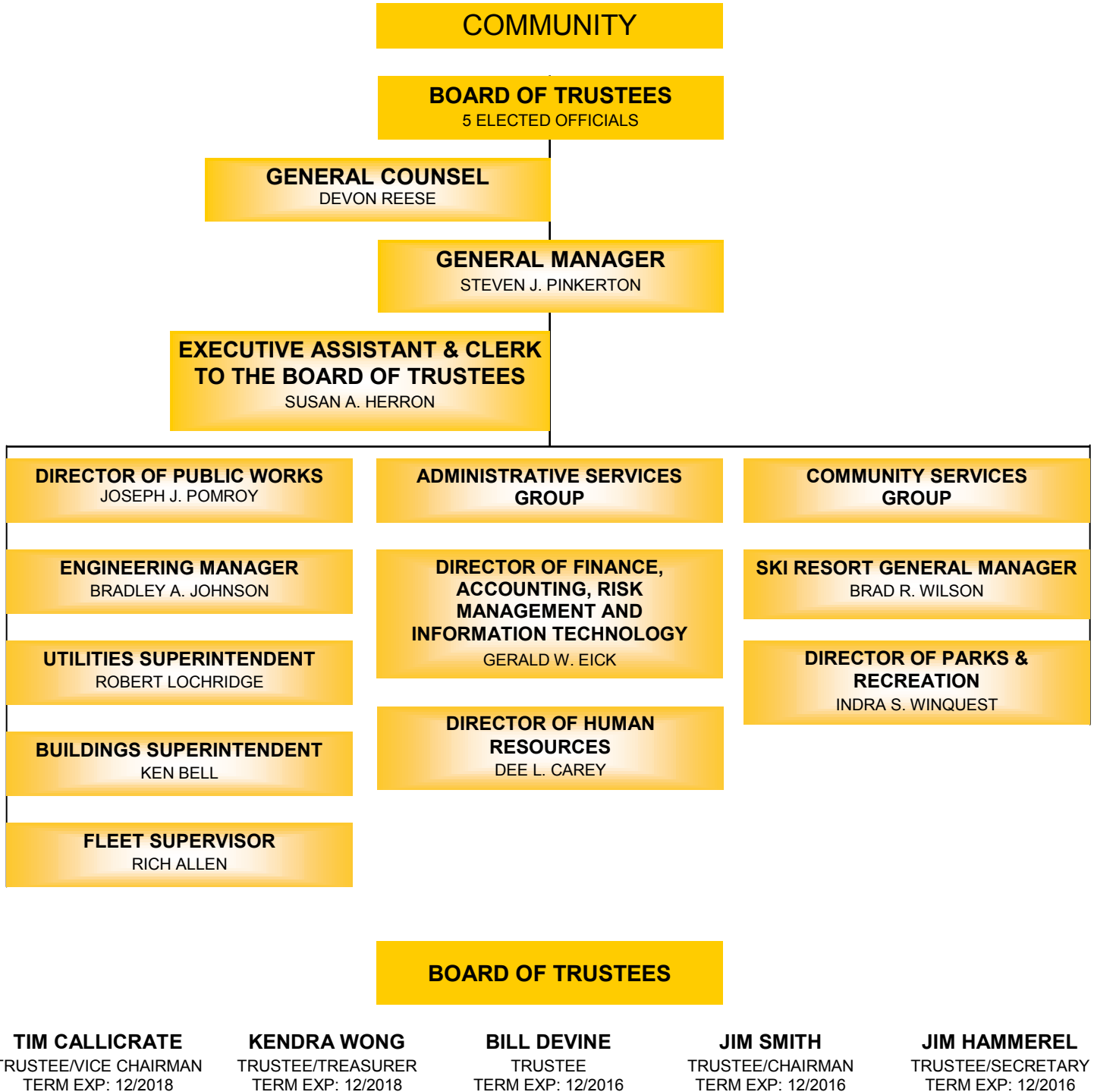
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the accounting department and the District's venues. We wish to express our appreciation to all staff assisting with the preparation of this report. Credit also must be given 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.

Steven J. Pinkerton
General Manager
Incline Village General Improvement District

Gerald W. Eick, CPA CGMA
Director of Finance, Accounting, Risk Management
and Information Technology

ORGANIZATION CHART

JUNE 2015



ACHIEVEMENT



Government Finance Officers Association

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, 2014

Executive Director/CEO

This prestigious and national award, presented by the Government Finance Officers Association (GFOA) of 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, 2014

**NATIONAL
AWARD**

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





CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

Report on the Financial Statements

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, (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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5441 Kietzke Ln., Ste. 150 | Reno, NV 89511-2094 | T 775.689.9100 | F 775.689.9299 | EOE

Opinion

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, 2015, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 11 through 19, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, combining and individual fund statements and schedules including budgetary comparisons, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for 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 basic financial statements.

The combining and individual fund statements and schedules including budgetary comparisons 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. Such 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 combining and individual fund statements and schedules including budgetary comparisons and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Sallee LLP

Reno, Nevada
December 8, 2015

Incline Village General Improvement District Management's Discussion and Analysis For the Fiscal Year ended June 30, 2015

As management of the Incline Village General Improvement District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Incline Village General Improvement District for the fiscal year ended June 30, 2015. 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 Community Services ski venue survived a record low snow year winter and managed to have a degree of success. A good spring in 2015 allowed the golf season to start early, but was affected by rain, and yet it had a good finish for the fiscal year. 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. The Utility Fund continues to build resources for a future Effluent Pipeline Project. The General Fund took on a major upgrade to the Information Technology system serving the entire District.

Financial Highlights:

- The assets of the District exceeded its liabilities, at the close of the most recent fiscal year, by \$125.9 million (net position). Of this amount, \$20.3 million (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's net position increased \$4.0 million. A significant portion \$3.3 million from Business-type activities is to provide resources for additional future capital projects.
- The General Fund's ending fund balance increased to \$1.5 million. Factors were State tax collection higher than budgeted and less spent in Information Technology (IT) operations. Increase capital expenditure occurred for an IT network.
- The governmental depreciation of \$81,005 is generally for the District Information Technology equipment.
- The District retired over \$2.3 million in bond principal during the year.

Overview of the Financial Statements

This discussion and analysis is 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 statements.

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

The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position 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.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Both of the government-wide financial statements (*Statement of Net Position* 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 activities of the District includes the General Fund activities. 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, as well as internal services and worker's compensation.

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 focus 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, 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 Workers Compensation function. Each department pays for coverage based on its payroll costs. However the Workers Compensation Fund serves the entire District rather than allocation by department. All Internal Service Funds are classified as business-type activities since the proprietary funds are the primary users of the services.

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 statements 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. The State of Nevada Department of Taxation Local Government Division has a prescribed format for budget data. The supplementary information reports actual results according to that format. Statistical information is provided on a five or ten-year basis, as available, for trend and historical analysis. This information addresses a number of the major revenue sources of the District including the Recreation and Beach Facility Fee.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Governmental-wide Financial Analysis

Net position is a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$125.9 million at June 30, 2015. The largest portion of net position (84%) reflects net investment in capital assets (e.g., land, buildings, equipment, construction in progress less accumulated depreciation and bonds 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 Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other assets	\$ 2,058,100	\$ 1,094,846	\$ 8,623,921	\$ 10,837,175	\$ 10,682,021	\$ 11,932,021
Long Term and Net capital assets	3,884,557	4,071,179	127,394,305	123,991,993	131,278,862	128,063,172
Total Assets	5,942,657	5,166,025	136,018,226	134,829,168	141,960,883	139,995,193
Liabilities						
Current liabilities	806,813	630,336	4,978,188	5,555,280	5,785,001	6,185,616
Long-term liabilities	-	-	10,323,352	11,918,884	10,323,352	11,918,884
Total Liabilities	806,813	630,336	15,301,540	17,474,164	16,108,353	18,104,500
Net Position						
Investment in capital assets	3,634,557	3,071,179	101,460,934	98,127,357	105,095,491	101,198,536
Restricted	-	-	413,260	471,789	413,260	471,789
Unrestricted	1,501,287	1,391,021	18,842,492	18,829,347	20,343,779	20,220,368
Total Net Position	\$ 5,135,844	\$ 4,462,200	\$ 120,716,686	\$ 117,428,493	\$ 125,852,530	\$ 121,890,693

**Incline Village General Improvement District
Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 29,106,889	\$ 28,798,035	\$ 29,106,889	\$ 28,798,035
Operating grants	-	-	17,000	109,131	17,000	109,131
Capital grants and contributions	-	-	565,379	461,587	565,379	461,587
General Revenues:						
Ad valorem tax	1,377,337	1,293,676	-	-	1,377,337	1,293,676
Consolidated tax	1,369,950	1,277,567	-	-	1,369,950	1,277,567
Unrestricted investment earnings	43,295	43,959	163,007	120,154	206,302	164,113
Other	2,540	16,526	56,189	157,290	58,729	173,816
Total Revenues	2,793,122	2,631,728	29,908,464	29,646,197	32,701,586	32,277,925
Expenses						
General Government	2,119,478	2,128,147	-	-	2,119,478	2,128,147
Utility	-	-	9,596,265	9,222,798	9,596,265	9,222,798
Community Services	-	-	15,502,916	15,264,284	15,502,916	15,264,284
Beach	-	-	1,521,090	1,375,724	1,521,090	1,375,724
Total Expenses	2,119,478	2,128,147	26,620,271	25,862,806	28,739,749	27,990,953
Changes in Net Position	673,644	503,581	3,288,193	3,783,391	3,961,837	4,286,972
Beginning Net Position	4,462,200	3,958,619	117,428,493	113,645,102	121,890,693	117,603,721
Ending Net Position	\$ 5,135,844	\$ 4,462,200	\$ 120,716,686	\$ 117,428,493	\$ 125,852,530	\$ 121,890,693

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Governmental activities increased the Districts' net position by \$685,796. This increase was partially attributed to \$136,000 in additional revenue, largely from State collected sales tax distributed to the District. The District has been changing its focus of the use of Information Technology. As we move away from self-developed software, we have invested in network hardware and plan to purchase third party software systems in subsequent fiscal years. During this fiscal year IT operations spent less as a direct result of this change, but substantially increased the capital investment in hardware. Part of the resources for this change was to not make a scheduled transfer of \$400,000 from the General Fund to the Community Services Fund.

Total governmental activity revenue overall increased year-on-year. Sales and consolidated taxes, mostly comprised of business and vehicle tax, increased year-on-year. These combined taxes come through an allocation of state-wide collections. Ad valorem taxes saw an increase. 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. As of July 1, 2014 that abatement has a value of \$335,347 as a reduction of otherwise eligible ad valorem taxes for the current fiscal year. In prior years the assessed values had been capped. In 2009 the County reduced all valuations County-wide by 15% to reflect a change in market conditions. Investment earnings increased as a result in better short term rates of return.

Incline Village General Improvement District Governmental Activities Revenues

	2015		2014	
Property taxes	\$1,377,337	49%	\$1,293,676	49%
Combined taxes	1,369,950	49%	1,277,567	49%
Unrestricted investment earnings	43,295	2%	43,959	2%
Miscellaneous revenues	2,540	0%	16,526	0%
Total general revenues	\$2,793,122	100%	\$2,631,728	100%

Total governmental activities include the General Fund. Expenditures in the General Fund decreased year on year. The greatest decrease was in the function for Information Technology that was driven a change from personnel to system investments. The governmental activities expenses by functional area include the Central Services Cost Allocation. The General Fund sole function is to provide administrative support to the District's proprietary funds.

**Incline Village General Improvement District
General Fund Functional Expenditures**

	2015	2014
Manager	\$ 330,986	\$ 335,091
Trustees	202,788	176,027
Accounting	891,170	852,341
Information Services	549,222	755,732
Risk Management	138,260	34,014
Human Resources	464,161	458,034
Health & Wellness	34,680	30,716
Community & Employee Relations	62,996	44,315
Administration	465,210	425,248
Capital Outlay	644,383	84,849
Central Services Cost Allocation	(1,101,000)	(1,068,996)
Total Expenses	\$ 2,682,856	\$ 2,127,371

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Business-type activities: Business-type activities increased their net position by \$3,288,193. This is less than the prior year due to the less net revenue from all three major funds. The net revenue change breaks out as follows: Utility fund decreased \$89,126, Community Services decreased \$156,872, and the Beach Fund decreased \$190,952. These are significant factors contributing to the net position change:

- Utility Fund increase in net position is attributable to revenue increases to accumulate resources for a future capital project. The target increase for this fiscal year is \$2,000,000.
- Community Services collecting Recreation Fee revenues (\$6,018,616) to facilitate operations, capital expenditures and debt reduction. Capital expenditures were \$2,832,606 while depreciation expense was \$2,342,332. Principal reduction on bonds was \$1,513,398.
- The Beaches continue to collect more guest fees than budget.
- Internal services are expected to break even from charges versus cost; most of the increase came from a reduction in Worker's Compensation claims liability.

The facility fee, assessed on parcel owners, is the most stable of the revenue streams for the District. The facility 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 2014-15 the District assessed \$6,745,700 in facility fees.

IVGID Facility Fees			
		Community	Total
Fiscal Year	Beach Only	Services	Assessed
2014-15	\$ 100	\$ 730	\$ 6,745,700
2013-14	100	730	6,741,550
2012-13	100	730	6,802,140
2011-12	115	715	6,795,470
2010-11	100	730	6,802,740

Financial Analysis of the Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on 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 increased to \$1,513,439, with \$400,000 committed to Community Services.

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.

General Fund functional expenditures performed better than budget by \$258,532. Savings occurred mainly in the Information Technology (IT) operations, not making a transfer under administration and spending extra for IT network equipment instead.

General Fund actual expenditures has increased by \$555,485 over the prior year, primarily in Information Technology. Much of this related to additions to network equipment.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Proprietary funds: The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail by fund. The District's proprietary funds consist of Utilities, Community Services, Beach and Internal Services. Overall, business-type activities net assets increased \$3,288,193 for the year.

Utilities increased rates about 3% to facilitate building resources for the effluent pipeline. Community Services saw a decrease in revenue as a result of poor winter conditions that resulted in ski revenue about \$1 million under budget. The Beach continued to see strong visitor utilization fees. Internal Services saw a better balance of charges and costs, while still adjusting for the transition from self-insured Worker's Compensation that resulted in a reduction of claims liability. There was more projects that were grant eligible versus the prior year that included another creek restoration.

Expenses for these funds increased about \$1.1 million, year on year. About \$617,000 was for wages and benefits including the addition of two positions. The year also had about \$393,000 increase in services and supplies mainly for maintenance and equipment. The last major component is an increase in depreciation of \$155,000 as recent major projects were added to the schedule.

**IVGID Proprietary Funds Revenues, Expenses
and Changes in Net Position**

	2015	2014
<u>Proprietary Fund Revenues</u>		
Utilities	\$10,851,123	\$10,434,118
Community Services	16,504,415	16,658,736
Beach	1,767,751	1,813,337
Internal Services	2,560,122	2,280,296
Total	31,683,411	31,186,487
 <u>Proprietary Fund Expenses</u>		
Utilities	9,415,760	9,029,675
Community Services	15,359,833	15,036,116
Beach	1,517,855	1,363,778
Internal Services	2,503,958	2,267,111
Total	28,797,406	27,696,680
 Net non-operating items	(163,191)	(168,003)
Capital Grants	565,379	461,587
Changes in Net Position	\$ 3,288,193	\$ 3,783,391

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Capital Asset and Debt Administration

Capital Assets: The Incline Village General Improvement District's investment in capital assets for its governmental and business-type activities, as of June 30, 2015 amounts to \$116,971,915 (net of accumulated depreciation). Net investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and recreation facilities. Readers desiring more information, with respect to capital asset activity, should see footnote 4 to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,658,030	\$ 2,658,030	\$ 19,942,544	\$ 19,932,544	\$ 22,600,574	\$ 22,590,574
Construction in Progress	666,143	27,548	3,289,837	2,618,274	3,955,980	2,645,822
Buildings and Improvements	832,465	826,677	-	-	832,465	826,677
Equipment and Vehicles	1,314,500	1,314,500	-	-	1,314,500	1,314,500
Internal services equipment furniture and fixtures	-	-	281,641	260,109	281,641	260,109
Utility service infrastructure	-	-	101,741,489	99,443,969	101,741,489	99,443,969
Utility buildings and improvements	-	-	10,942,534	10,869,234	10,942,534	10,869,234
Utility equipment, furniture and fixtures	-	-	3,189,572	3,161,023	3,189,572	3,161,023
Community services buildings and improvements	-	-	56,521,250	55,135,597	56,521,250	55,135,597
Community services equipment, furniture and fixtures	-	-	9,218,501	8,640,702	9,218,501	8,640,702
Beach buildings and improvements	-	-	4,657,248	4,104,087	4,657,248	4,104,087
Beach equipment, furniture and fixtures	-	-	355,505	235,921	355,505	235,921
Total Cost	5,471,138	4,826,755	210,140,121	204,401,460	215,611,259	209,228,215
Accumulated Depreciation	(1,836,581)	(1,755,576)	(96,802,763)	(92,114,944)	(98,639,344)	(93,870,520)
Capital Assets, Net	\$ 3,634,557	\$ 3,071,179	\$ 113,337,358	\$ 112,286,516	\$ 116,971,915	\$ 115,357,695

The major capital asset event during the fiscal year was completion of two standalone restrooms and continuing pre-design efforts for the effluent pipeline, and water main projects.

Long-term debt: At the end of the current fiscal year, the District had total bonded debt outstanding of \$11,807,667. Of that amount, \$9,891,552 comprises debt backed by the full faith and credit of the District. The actual source for repayment is service revenues. The remainder of the District debt, \$1,916,115 represents bonds secured solely by specified utility revenue sources.

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	New Issues	Principal Paid	Ending Balance
Business Type Activities:				
Bonds Payable;				
Recreation Revenue Supported	\$ 7,026,000	\$ -	\$ 1,784,000	\$ 5,242,000
Utility Revenue Supported	7,021,943	-	456,276	6,565,667
Total	\$14,047,943	\$ -	\$ 2,240,276	\$11,807,667

Readers desiring more information, with respect to the District's debt, should see footnote 7 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 rating which was last determined to be Aa1 on our limited tax general obligation bonds.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2015
(Continued)**

Economic Factors and Next Year's Budgets and Rates

- This District's primary revenue sources are from service charges from users. Weather impacts demand for golf and ski and, to a much smaller extent, water and sewer charges. The general economy and discretionary spending has been considered during the budget process. Anticipated user levels are revisited each year to assess anticipated service demands.
- Beginning with the 2009-10 fiscal year, the Utility Rate structure was evaluated by the Board 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. Rate increases were implemented for the 2010-15 fiscal years. These increases were for additional costs and to provide resources for the construction of the now completed Burnt Cedar Water Disinfection Plant Upgrade and the planned additional project of the effluent pipeline.
- Parcel Owner user rates are based on market data and operating needs of the community activities as determined during budget preparation and adopted by the Board of Trustees.
- Personnel cost comprised 45% of annual expenditures. The 2014-15 budgeted for base wages and salaries, and benefits to increase about 7.5% which included a wage increase, and for health benefits to increase 10% in January 2015 (no insurance increase occurred).
- In these economic times employee retention is a key to the success of the District. The District continues to seek a balance with this need and the economic realities.

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 Gerry Eick, Director of Finance, 893 Southwood Boulevard, Incline Village, Nevada, 89451. This report will also be available on the District's website at www.ivgid.org.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

BASIC FINANCIALS

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 4,718,668	\$ 492,036	\$ 5,210,704
Investments	-	1,500,000	1,500,000
Receivables:			
Accounts receivable, net	54	1,335,770	1,335,824
Interest on investments	281	73,445	73,726
Grant receivable	-	736,582	736,582
Due from other governments	294,163	225,935	520,098
Inventories and supplies	-	624,006	624,006
Prepaid items	218,623	462,458	681,081
Due from (to) other funds	(3,173,689)	3,173,689	-
Long term investments	250,000	13,643,687	13,893,687
Restricted assets:			
Temporarily restricted investments	-	413,260	413,260
Capital assets:			
Land	2,658,030	19,942,544	22,600,574
Construction in progress	666,143	3,289,837	3,955,980
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	310,384	90,104,977	90,415,361
Total assets	5,942,657	136,018,226	141,960,883
LIABILITIES			
Accounts payable	105,029	1,220,106	1,325,135
Accrued personnel costs	701,767	666,346	1,368,113
Accrued interest payable	-	122,076	122,076
Unearned revenue	17	1,415,588	1,415,605
Refundable deposits	-	1,000	1,000
Noncurrent liabilities:			
Due within one year	-	1,553,072	1,553,072
Due in more than one year	-	10,323,352	10,323,352
Total liabilities	806,813	15,301,540	16,108,353
NET POSITION			
Net investment in capital assets	3,634,557	101,460,934	105,095,491
Restricted by Third Party Agreement	-	413,260	413,260
Unrestricted	1,501,287	18,842,492	20,343,779
Total net position	\$ 5,135,844	\$ 120,716,686	\$ 125,852,530

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, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,119,478	\$ -	\$ -	\$ -	\$ (2,119,478)	\$ -	\$ (2,119,478)
Total governmental activities	<u>2,119,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,119,478)</u>	<u>-</u>	<u>(2,119,478)</u>
Business-type activities:							
Utilities	9,596,265	10,851,723	-	329,705	-	1,585,163	1,585,163
Community Services	15,502,916	16,487,415	17,000	235,674	-	1,237,173	1,237,173
Beach	1,521,090	1,767,751	-	-	-	246,661	246,661
Total business-type activities	<u>26,620,271</u>	<u>29,106,889</u>	<u>17,000</u>	<u>565,379</u>	<u>-</u>	<u>3,068,997</u>	<u>3,068,997</u>
Total primary government	<u>\$ 28,739,749</u>	<u>\$ 29,106,889</u>	<u>\$ 17,000</u>	<u>\$ 565,379</u>	<u>(2,119,478)</u>	<u>3,068,997</u>	<u>949,519</u>
General revenues:							
Property taxes					1,377,337	-	1,377,337
Combined taxes					1,369,950	-	1,369,950
Unrestricted investment earnings					43,295	163,007	206,302
Gain (loss) on sale of capital assets					-	(30,589)	(30,589)
Miscellaneous revenues					2,540	113,684	116,224
Total general revenues					<u>2,793,122</u>	<u>246,102</u>	<u>3,039,224</u>
Extraordinary items:							
Extraordinary expense					-	(26,906)	(26,906)
Changes in net position					673,644	3,288,193	3,961,837
Net position - beginning					4,462,200	117,428,493	121,890,693
Net position - ending					<u>\$ 5,135,844</u>	<u>\$ 120,716,686</u>	<u>\$ 125,852,530</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 4,718,668	\$ 4,718,668
Investments	250,000	250,000
Accounts receivable	54	54
Interest receivable on investments	281	281
Due from other governments	294,163	294,163
Prepaid items	<u>218,623</u>	<u>218,623</u>
Total assets	<u>\$ 5,481,789</u>	<u>\$ 5,481,789</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 105,029	\$ 105,029
Accrued personnel costs	701,767	701,767
Due to other funds	3,173,689	3,173,689
Unearned revenue	<u>17</u>	<u>17</u>
Total liabilities	<u>3,980,502</u>	<u>3,980,502</u>
Fund balance		
Non-spendable	218,623	218,623
Committed	400,000	400,000
Unassigned	<u>882,664</u>	<u>882,664</u>
Total fund balance	<u>1,501,287</u>	<u>1,501,287</u>
Total liabilities and fund balance	<u>\$ 5,481,789</u>	
Amounts reported for Governmental Activities in the Statement of Net Position are different because: Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		<u>3,634,557</u>
Net position of Governmental Activities		<u>\$ 5,135,844</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, 2015**

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Ad valorem taxes	\$ 1,377,337	\$ 1,377,337
Intergovernmental:		
Consolidated and sales tax	1,369,950	1,369,950
Investment income	43,295	43,295
Miscellaneous	2,540	2,540
Total revenues	2,793,122	2,793,122
EXPENDITURES		
GENERAL GOVERNMENT		
Current:		
Manager	330,986	330,986
Trustees	202,788	202,788
Accounting	891,170	891,170
Information Services	549,222	549,222
Risk Management	138,260	138,260
Human Resources	464,161	464,161
Health & Wellness	34,680	34,680
Community & Employee Relations	62,996	62,996
Administration	465,210	465,210
Central Services Cost Allocation Income	(1,101,000)	(1,101,000)
Capital Outlay	644,383	644,383
Total expenditures	2,682,856	2,682,856
Net change in fund balance	110,266	110,266
Fund balance, July 1	1,391,021	
Fund balance, June 30	\$ 1,501,287	

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

Depreciation on governmental capital assets	(81,005)
Governmental capital outlay capitalized	644,383
Changes in net position of Governmental Activities	\$ 673,644

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, 2015**

	Original & Final Budget	Actual	Variance
REVENUES			
Ad valorem taxes	\$ 1,392,186	\$ 1,377,337	\$ (14,849)
Intergovernmental:			
Consolidated and sales tax	1,248,000	1,369,950	121,950
Investment earnings	25,000	43,295	18,295
Miscellaneous	3,600	2,540	(1,060)
Total revenues	2,668,786	2,793,122	124,336
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT			
Manager	332,588	330,986	1,602
Trustees	232,168	202,788	29,380
Accounting	873,743	891,170	(17,427)
Information Services	775,109	549,222	225,887
Risk Management	108,433	138,260	(29,827)
Human Resources	496,369	464,161	32,208
Health and Wellness	40,330	34,680	5,650
Community & Employee Relations	69,189	62,996	6,193
Administration	925,339	465,210	460,129
Central Services Cost Allocation Income	(1,101,000)	(1,101,000)	-
Capital Outlay	189,120	644,383	(455,263)
Total expenditures	2,941,388	2,682,856	258,532
Net changes in fund balance	(272,602)	110,266	382,868
Fund balance, July 1	1,136,467	1,391,021	254,554
Fund balance, June 30	\$ 863,865	\$ 1,501,287	\$ 637,422

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

	Business - type Activities - Enterprise Funds			Total Enterprise Funds	Business-type Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 340,565	\$ 133,098	\$ 6,494	\$ 480,157	\$ 11,879
Investments	1,000,000	-	500,000	1,500,000	-
Accounts receivable	1,243,419	87,010	5,341	1,335,770	-
Interest receivable	36,757	26,851	713	64,321	9,124
Grants receivable	540,663	195,919	-	736,582	-
Due from other governments	-	203,764	22,171	225,935	-
Inventories	168,056	379,400	-	547,456	76,550
Prepaid expenses	152,923	281,009	23,520	457,452	5,006
Due from other funds	227,972	2,587,246	28,104	2,843,322	330,367
Total current assets	<u>3,710,355</u>	<u>3,894,297</u>	<u>586,343</u>	<u>8,190,995</u>	<u>432,926</u>
Noncurrent assets:					
Investments - long-term	9,075,250	2,833,437	650,000	12,558,687	1,085,000
Restricted for debt service reserve	214,391	-	-	214,391	-
Restricted for TRPA Deposits	11,044	80,346	-	91,390	-
Restricted State of Nevada Work Comp Deposit	-	-	-	-	101,404
Restricted for State of Nevada Sales Tax	-	6,075	-	6,075	-
	<u>9,300,685</u>	<u>2,919,858</u>	<u>650,000</u>	<u>12,870,543</u>	<u>1,186,404</u>
Capital Assets					
Land	6,530,358	11,107,336	2,304,850	19,942,544	-
Construction in progress	1,904,675	1,319,557	65,605	3,289,837	-
Buildings and structures	10,942,534	28,883,620	2,596,455	42,422,609	-
Improvements and Infrastructure	101,741,489	27,637,630	2,060,793	131,439,912	-
Equipment and vehicles	3,189,572	9,218,501	355,505	12,763,578	281,641
Total capital assets	124,308,628	78,166,644	7,383,208	209,858,480	281,641
Less: accumulated depreciation	(60,377,129)	(33,496,776)	(2,744,061)	(96,617,966)	(184,797)
Total capital assets (net)	<u>63,931,499</u>	<u>44,669,868</u>	<u>4,639,147</u>	<u>113,240,514</u>	<u>96,844</u>
Total noncurrent assets	<u>73,232,184</u>	<u>47,589,726</u>	<u>5,289,147</u>	<u>126,111,057</u>	<u>1,283,248</u>
Total assets	<u>76,942,539</u>	<u>51,484,023</u>	<u>5,875,490</u>	<u>134,302,052</u>	<u>1,716,174</u>
LIABILITIES					
Current liabilities:					
Accounts payable	611,317	396,349	99,598	1,107,264	112,842
Accrued personnel costs	293,180	188,412	14,161	495,753	170,593
Accrued interest payable	88,653	33,079	344	122,076	-
Unearned revenue	562,574	838,560	14,454	1,415,588	-
Refundable deposits	1,000	-	-	1,000	-
Current maturities of long-term debt	469,072	1,078,784	5,216	1,553,072	-
Total current liabilities	<u>2,025,796</u>	<u>2,535,184</u>	<u>133,773</u>	<u>4,694,753</u>	<u>283,435</u>
Non-current liabilities:					
Bond discounts, net	-	(11,789)	(192)	(11,981)	-
Bond premium, net	-	80,738	-	80,738	-
Non-current long term debt	6,096,595	4,117,379	40,621	10,254,595	-
Total non-current liabilities	<u>6,096,595</u>	<u>4,186,328</u>	<u>40,429</u>	<u>10,323,352</u>	<u>-</u>
Total liabilities	<u>8,122,391</u>	<u>6,721,512</u>	<u>174,202</u>	<u>15,018,105</u>	<u>283,435</u>
NET POSITION					
Net investment in capital assets	57,365,832	39,404,756	4,593,502	101,364,090	96,844
Restricted by Third Party Agreement	225,435	86,421	-	311,856	101,404
Unrestricted	11,228,881	5,271,334	1,107,786	17,608,001	1,234,491
Total net position	<u>\$ 68,820,148</u>	<u>\$ 44,762,511</u>	<u>\$ 5,701,288</u>	<u>119,283,947</u>	<u>\$ 1,432,739</u>
Adjustment to reflect the consolidation of internal service funds' activities related to Enterprise Funds.				<u>1,432,739</u>	
Net position of Business-Type Activities				<u>\$ 120,716,686</u>	

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 POSITION
 FOR THE YEAR ENDED JUNE 30, 2015**

	Business - type Activities - Enterprise Funds				Business-type Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Enterprise Fund	Total Enterprise Funds	
OPERATING REVENUES					
Sales and fees	\$ 10,851,123	\$ 10,860,998	\$ 1,052,579	\$ 22,764,700	\$ 600
Facility fees	-	6,018,616	778,149	6,796,765	-
Parcel Owner discounts on entry fees	-	(470,402)	(62,977)	(533,379)	-
Operating grants	-	17,000	-	17,000	-
Interfund services	-	78,203	-	78,203	2,559,522
Total operating revenues	<u>10,851,123</u>	<u>16,504,415</u>	<u>1,767,751</u>	<u>29,123,289</u>	<u>2,560,122</u>
OPERATING EXPENSES					
Wages and benefits	3,342,258	6,347,788	777,105	10,467,151	1,458,889
Cost of goods sold	6,019	947,647	-	953,666	-
Services and supplies	1,642,031	3,415,632	394,571	5,452,234	727,818
Defensible Space	99,479	99,479	-	198,958	-
Central Services Cost	283,000	745,000	73,000	1,101,000	-
Insurance	120,659	233,228	18,944	372,831	292,552
Utilities	984,438	1,136,738	102,062	2,223,238	8,997
Legal and audit	71,918	91,989	2,746	166,653	5,064
Depreciation	2,865,958	2,342,332	149,427	5,357,717	10,638
Total operating expenses	<u>9,415,760</u>	<u>15,359,833</u>	<u>1,517,855</u>	<u>26,293,448</u>	<u>2,503,958</u>
Operating income	<u>1,435,363</u>	<u>1,144,582</u>	<u>249,896</u>	<u>2,829,841</u>	<u>56,164</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	81,996	46,153	10,186	138,335	24,672
Gain (loss) on sales of assets	(34,499)	31,576	(27,666)	(30,589)	-
Extraordinary expense	(26,906)	-	-	(26,906)	-
Cell Tower lease income	-	113,684	-	113,684	-
Interest on bond debt	(180,505)	(239,634)	(3,208)	(423,347)	-
Amortization bond discounts & premiums	-	42,487	(27)	42,460	-
Fiscal agent fees	-	(1,500)	-	(1,500)	-
Total nonoperating revenues (expenses)	<u>(159,914)</u>	<u>(7,234)</u>	<u>(20,715)</u>	<u>(187,863)</u>	<u>24,672</u>
Income before contributions	<u>1,275,449</u>	<u>1,137,348</u>	<u>229,181</u>	<u>2,641,978</u>	<u>80,836</u>
Capital Grant Contributions	<u>329,705</u>	<u>235,674</u>	<u>-</u>	<u>565,379</u>	<u>-</u>
Changes in net position	1,605,154	1,373,022	229,181	3,207,357	80,836
Total net position, July 1	<u>67,214,994</u>	<u>43,389,489</u>	<u>5,472,107</u>		<u>1,351,903</u>
Total net position, June 30	<u>\$ 68,820,148</u>	<u>\$ 44,762,511</u>	<u>\$ 5,701,288</u>		<u>\$ 1,432,739</u>
				Adjustment to reflect consolidation of internal service fund activities related to Enterprise Funds	<u>80,836</u>
				Change in net position of Business-Type Activities	<u>\$ 3,288,193</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, 2015**

	Business - type Activities - Enterprise Funds				Business-type Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Fund	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 11,009,050	\$ 16,498,005	\$ 1,766,670	\$ 29,273,725	\$ 600
Receipts from interfund services provided	-	78,203	-	78,203	2,559,522
Receipts from operating grants	-	17,000	-	17,000	-
Cell Tower lease income collected & misc	-	113,684	-	113,684	-
Payments to suppliers	(2,352,388)	(5,810,554)	(426,847)	(8,589,789)	(1,024,525)
Payments to employees	(3,340,710)	(6,371,359)	(783,731)	(10,495,800)	(1,631,275)
Payments for interfund services used	(739,036)	(745,000)	(181,438)	(1,665,474)	(33,829)
Net cash provided (used) by operating activities	<u>4,576,916</u>	<u>3,779,979</u>	<u>374,654</u>	<u>8,731,549</u>	<u>(129,507)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Extraordinary expense	(26,906)	-	-	(26,906)	-
Due to (from) other funds	744,780	419,187	984,848	2,148,815	43,306
Net cash provided (used) by non-capital financing activities	<u>717,874</u>	<u>419,187</u>	<u>984,848</u>	<u>2,121,909</u>	<u>43,306</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(2,942,220)	(2,832,606)	(695,822)	(6,470,648)	(21,532)
Proceeds (costs) from sale of assets	8,170	38,521	(4,296)	42,395	-
Payment of fiscal agent fees	-	(1,500)	-	(1,500)	-
Payments on capital debt	(456,276)	(1,513,398)	(270,602)	(2,240,276)	-
Capital contributions	189,092	41,755	-	230,847	-
Interest expense	(186,858)	(248,237)	(5,403)	(440,498)	-
Net cash provided (used) by capital and related financing activities	<u>(3,388,092)</u>	<u>(4,515,465)</u>	<u>(976,123)</u>	<u>(8,879,680)</u>	<u>(21,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Restricted investments released (increased)	(250)	(89)	-	(339)	58,868
Investments purchased	(3,860,000)	(250,000)	(1,550,000)	(5,660,000)	-
Long-term investments sold	1,800,000	525,000	1,075,000	3,400,000	-
Investment earnings	67,204	36,052	9,724	112,980	24,532
Net cash provided (used) by investing activities	<u>(1,993,046)</u>	<u>310,963</u>	<u>(465,276)</u>	<u>(2,147,359)</u>	<u>83,400</u>
Net change in cash and cash equivalents	(86,348)	(5,336)	(81,897)	(173,581)	(24,333)
Cash and cash equivalents, July 1	426,913	138,434	88,391	653,738	36,212
Cash and cash equivalents, June 30	<u>\$ 340,565</u>	<u>\$ 133,098</u>	<u>\$ 6,494</u>	<u>\$ 480,157</u>	<u>\$ 11,879</u>
Non-cash capital activities					
Acquisition of 1 easement Note 4	<u>\$ -</u>			<u>\$ -</u>	

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015**

	Business - type Activities - Enterprise Funds			Total Enterprise Funds	Business-type Activities Internal Service Funds
	Utility Fund	Community Services Fund	Beach Fund		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,435,363	\$ 1,144,582	\$ 249,896	\$ 2,829,841	\$ 56,164
Non-cash adjustments -					
Depreciation and amortization	2,865,958	2,342,332	149,427	5,357,717	10,638
Increase (decrease) in cash from changes in:					
Accounts receivable	106,768	35,541	(1,166)	141,143	-
Operating Grant Receivable	-	-	-	-	-
Due from other Governments	-	1,927	4,822	6,749	-
Inventory	3,831	577	-	4,408	(22,190)
Prepaid expenses	(20,515)	(2,933)	(4,192)	(27,640)	4,265
Collection of cell tower leases	-	113,684	-	113,684	-
Accounts payable	132,804	116,515	(12,770)	236,549	(5,998)
Accrued personnel costs	1,548	(23,571)	(6,626)	(28,649)	(172,386)
Unearned revenue and customer deposits	51,159	51,325	(4,737)	97,747	
Total adjustments	3,141,553	2,635,397	124,758	5,901,708	(185,671)
Net cash provided (used) by operating activities	\$ 4,576,916	\$ 3,779,979	\$ 374,654	\$ 8,731,549	\$ (129,507)

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



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT 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 solid waste 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. Basic Financial Statements - Government-wide and Fund financial statements

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

In the government-wide Statement of Net Position, 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 position is reported in three parts – net investment in capital assets, restricted; and unrestricted.

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.

C. 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 basis 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. 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 Workmen's Compensation benefits. The entire District utilizes a self-insured 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 business - type activity for the Government-wide financial statements. The utilization of internal services by the General Fund is incidental. The effect of inter-fund activity has not been eliminated from the Government-wide financial statements.

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's Board has adopted Policies and Practice which identify those operations that will receive a Facility Fees by the District's tax or fee authority. 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 Facility Fee 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

Utility 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 combination of reserves and purchased coverage for benefits.

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 worker's compensation coverage of benefits through a third party and holds a reserve for claims incurred prior to July 1, 2013.

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, 2014, 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 2014. On May 15, 2014, at a public hearing, the Board adopted a final budget. On or before June 1, 2014 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 augment, but did not amend its budget for the 2014-15 fiscal year.
3. The legal level of budgetary control is at the function level for the General Fund. Appropriations are adopted at the function level. Management has no amendment authority without the District's Board approval. Generally the expenses in the proprietary funds also may not exceed appropriations. 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.
4. The District also presents select cash flow information 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 items according to character and object. It also provides the Nevada Department of Taxation with requested information.

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. These provide funds for capital projects and debt service.

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 and Payables

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 August, the second installment is due on or before the first Monday in October, the third installment is due on or before the first Monday in January, and the fourth installment is due on or before the first Monday in March. 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 various utility infrastructures and restoration of a creek zone. 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 due from other governments.

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.

Activity between funds occurs in the regular activities of the District. The General Fund issues accounts payable and payroll and related benefits for all funds. To the extent payment has not occurred, but the cost was realized by the benefitted fund, internal balances for Due From and To Other Funds are established. These balances are monitored to assure no fund makes temporary loans to another, within the context of Nevada Revised Statute 354.6118. The General Fund holds Cash and Equivalents of \$4,718,668 and owes a total of \$3,173,689 to other funds. The Total Due From of \$3,173,689 is made up of Utility \$227,972, Community Services \$2,587,246, Beach \$28,104 and Internal Services \$330,367.

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. They are recognized under the consumption method when used.

H. Restricted Assets

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

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 cannot 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. The District has a number of Construction in Progress items since the fiscal year falls in the middle of the active acquisitions season. Interest is capitalized for assets used in business-type activities funded by debt. 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>
Buildings and Structures	30 - 40 years	\$10,000
Improvements and Infrastructure	20-50 years	\$10,000
Equipment and Vehicles	3-20 years	\$5,000

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. 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. The work provides an ongoing benefit, but the District expenses all costs as incurred.

J. Amortization of Bond Discounts and Premiums

The discounts or premiums on bonds sold are being amortized to expense over the term of the bonds. Bonds payable are reported net of related discounts and premiums.

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 as earned.

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 had adopted a Risk Management Program prior to July 1, 2013 that included a self-insured workman’s compensation benefits. The District remains liable under Statute for those claims. After June 30, 2013 these benefits are covered by membership in an insurance pool.

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

M. Unearned Revenue and Refundable Deposits

The District’s Utility Fund bills services on 3 cycles over the course of a month. A portion of each billing is in advance for services rendered. Billings in advance are held until recognition in the next cycle when they are also reconciled with actual usage.

The District's Community Services Fund recognizes unearned revenue to the extent it has issued user passes, gift or payment cards that can be applied to future purchases. There also are advance deposits made to reserve dates for facility rentals or program registrations. User passes expire with each season.

N. 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 net of related discounts or charges. Bond discounts are amortized using the straight-line method. Bond premiums are being amortized using the effective interest method. All are amortized over the term of the related debt.

O. 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.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District, which can by their resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the Board of Trustees remains in place until a similar resolution is taken to remove or revise the limitation.

An assigned fund balance can be specified by the District's General Manager.

The District's Board of Trustees has adopted a policy and practice statement on the Appropriate Level of Fund Balance. Effective July 1, 2015 a revised policy was established. For the General Fund this is 4% of annual expenditures. For Utility, Community Services and the Beach Funds it is 25% of annual expenses other than depreciation.

The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed when amounts are available for the same use.

The District first utilizes committed resources, then assigned and then unassigned when amounts are available for the same use.

P. Net Position

In the fund and the government-wide financial statements, net position is presented in one of three classifications. Net investment in capital assets, restricted and the residual unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances on bonds that are attributable to the acquisition, construction or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. The unrestricted component of net position is the net amount of assets and liabilities not included in the determination of net investment of capital assets or the restricted component.

Q. 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.

R. Central Services Cost Allocation

The District allocates the shared costs of Accounting and Human Resources based on a plan which considers wages, benefits, full time equivalents and services and supplies as a basis for determining charges. The charges are based on budgeted expenses. The revenue generated by the allocation is recorded as a separate line item with the expense category to reflect District-wide expenses at net.

S. Parcel Owner Discount

Under District Ordinance 7 parcel owners may use punch cards to buy down the difference between a regular rate and the resident rate for certain types of recreational services. The punch card utilization is presented as contra revenue in the Proprietary Fund statements. Utilization is allocated based on the card value relationship to one fifth of the per parcel total facility fee. Typically for a full privilege parcel this is 88% to Community Services Fund and 12% to the Beach Fund.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year end the carrying amount of the District’s checking deposits was \$4,701,409, while the bank balance was \$5,558,832. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Coverage and the balance was covered by pledged collateral under an arrangement with the State of Nevada on behalf of all local units of government.

Cash and Cash Equivalents at June 30, 2015 consist of:

Operating Checking Accounts	\$ 4,701,409
Petty cash and change funds	56,600
LGIP Money Market	333,443
US Government Money Market	<u>119,252</u>
Total	<u>\$ 5,210,704</u>

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 (LGIP) is governed by the State Board of Finance and is administered by the Nevada 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, 2015. The fair value of the District’s position in the investment pool is the same as the value of the pool shares.

Investments at June 30, 2015	Maturities	Fair Value
Jumbo CD’s (each \$100,000 - \$250,000)	8 years or less	\$6,480,000
Federal Home Loan Bank	12/20/2016	500,000
Federal Farm Credit Bank	05/15/2017	1,000,000
Fannie Mae	06/01/2017	486,145
Federal Home Loan Bank	08/18/2017	1,000,000
Federal Farm Credit Bank	02/26/2018	400,000
Federal Home Loan Bank	02/27/2018	750,000
Federal Home Loan Bank	03/26/2018	500,000
Freddie Mac	04/25/2018	502,500
Tennessee Valley Authority	07/15/2018	465,250
Fannie Mae	08/07/2018	499,792
Freddie Mac	10/29/2018	1,060,000
Fannie Mae	04/25/2019	1,000,000
Fannie Mae	09/26/2019	250,000
Federal Farm Credit Bank	10/01/2020	<u>500,000</u>
Total Wells Fargo custodial account		<u>\$15,393,687</u>

Nevada Treasurer's Local Government Investment Pool (Not Rated)		
EPA SRF Reserve Deposit	108 days	\$ 214,391
TRPA Project Deposits	108 days	91,390
Workers Comp Security Deposit	108 days	<u>101,404</u>
Total Local Government Investment Pool		<u>\$ 407,185</u>
Total All Classifications		<u>\$ 15,800,872</u>

The following classifications are based on maturities of individual instruments:

	Short Term	Long Term
CD's	\$1,500,000	\$ 4,980,000
Government Agencies	<u>-</u>	<u>8,913,687</u>
Total	<u>\$1,500,000</u>	<u>\$13,893,687</u>

The District's Board of Trustees has identified a portion of the Facility Fee revenues as reserves. These are identified in 6 budgets since fiscal 2005-06. An accumulated amount of \$2,679,925 in Government Agency investments is considered as the operating reserve for the Community Services Fund.

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 and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

Concentration Credit Risk – The District invests in Federal government-sponsored enterprises (GSE) for safety and to meet statutory requirements. All of these agencies have been rated Aaa by Moody's. The District holds notes from Federal Home Loan Bank, which is about 17% of total investments. The holdings in Fannie Mae are 14% and Freddie Mac is about 10% to total investments. Federal Farm Credit is 12% and Tennessee Valley Authority is 3%. CD's are held with a number of banks at or under the FDIC insured limited calculated by those institutions.

LGIP is an unrated external investment pool administered by the State Treasurer, with oversight by the State of Nevada Board of Finance. Investment in LGIP is carried at fair value, which is the same as the value of the pool shares.

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 \$214,391. 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 \$88,855, interest earned is not pledged and remains in the account. It is invested in the LGIP totaling \$91,390. 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 \$100,000 and interest earned is allowed to stay in the account at the District's discretion. It is invested in the LGIP totaling \$101,404.

The State of Nevada requires a deposit of \$6,075 to operate a retail location in non-District owned premises for sales tax collection and electronic filing.

Cash deposit with State of Nevada	\$ 6,075
LGIP Restricted Deposits (SRF, TRPA & Work Comp)	<u>407,185</u>
Total Temporarily Restricted Deposits	<u>\$ 413,260</u>

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2015:

	Beginning Balance	Additions	Transfers and Reductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,658,030	\$ -	\$ -	\$ 2,658,030
Construction in Progress	27,548	644,383	(5,788)	666,143
Total	2,685,578	644,383	(5,788)	3,324,173
Other capital assets:				
Buildings and Structures	826,677	5,788	-	832,465
Equipment and Vehicles	1,314,500	-	-	1,314,500
Total other capital assets at historical cost	2,141,177	5,788	-	2,146,965
Less accumulated depreciation	(1,755,576)	(81,005)	-	(1,836,581)
Other capital assets, net	385,601	(75,217)	-	310,384
Governmental Activities Capital Assets, net	\$ 3,071,179	\$ 569,166	\$ (5,788)	\$ 3,634,557
Business Type Activities				
Capital assets not being depreciated				
Land - Utility	\$ 6,520,358	\$ 10,000	\$ -	\$ 6,530,358
Land - Community Services	11,107,336	-	-	11,107,336
Land - Beach	2,304,850	-	-	2,304,850
Construction in Progress				
Utility Fund	1,509,823	2,942,220	(2,547,368)	1,904,675
Community Services Fund	1,016,123	2,832,606	(2,529,172)	1,319,557
Beach Enterprise Fund	92,328	695,822	(722,545)	65,605
Internal Services Fund	-	21,532	(21,532)	-
Total	22,550,818	6,502,180	(5,820,617)	23,232,381
Other capital assets:				
Utility buildings and structures	10,869,234	73,300	-	10,942,534
Utility service infrastructure	99,443,969	2,333,520	(36,000)	101,741,489
Utility equipment and vehicles	3,161,023	130,549	(102,000)	3,189,572
Community Services buildings and structures	28,153,069	730,551	-	28,883,620
Community Services venue improvements	26,982,528	655,102	-	27,637,630
Community Services equipment and vehicles	8,640,702	1,143,519	(565,720)	9,218,501
Beach buildings and structures	2,111,014	485,441	-	2,596,455
Beach venue improvements	1,993,073	117,520	(49,800)	2,060,793
Beach equipment and vehicles	235,921	119,584	-	355,505
Internal Services equipment and vehicles	260,109	21,532	-	281,641
Total other capital assets at historical cost	181,850,642	5,810,618	(753,520)	186,907,740
Less accumulated depreciation for:				
Utility	(57,606,502)	(2,865,958)	95,331	(60,377,129)
Community Services	(31,713,219)	(2,342,332)	558,775	(33,496,776)
Beach	(2,621,064)	(149,427)	26,430	(2,744,061)
Internal Services	(174,159)	(10,638)	-	(184,797)
Total accumulated depreciation	(92,114,944)	(5,368,355)	680,536	(96,802,763)
Other capital assets, net	89,735,698	442,263	(72,984)	90,104,977
Business Type Activities Capital Assets, net	\$ 112,286,516	\$ 6,944,443	\$ (5,893,601)	\$ 113,337,358

The District has a number of Construction in Progress projects open as of June 30, 2015. The General Fund includes an Information Technology Network for \$585,466 that was placed into service July 1, 2015. The Utility Fund includes \$358,762 that is for a water main project that will be completed later in 2015, and \$1,267,970 for the design phase of the Effluent Export Line that will be ongoing through at least 2017. Community Services Fund includes \$235,649 for creek restoration that is grant funded and likely to be completed by mid-2016. The District's primary building season is limited to May to October because of regulations from the Tahoe Regional Planning Agency. Most equipment purchases follow the budget and fiscal year cycle.

Depreciation expenses for the year ended June 30, 2015 were charged to functions as follows:

Governmental Activities:

General Government	<u>\$ 81,005</u>
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Business-Type Activities:

Utility Fund Water and Sewer	\$ 2,865,958
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Community Services	2,342,332
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Beach	<u>149,427</u>
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Subtotal – Enterprise Funds	5,357,717
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Fleet, Engineering and Buildings	<u>10,638</u>
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Total	<u>\$5,368,355</u>
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In April 2015, the District acquired one parcel from Washoe County, which they held in trust following acquisition at a tax forfeiture sale. The parcel is located within the boundaries of the District. The parcel was acquired at no cost, for public purposes. The parcel already has a District utility easement recorded on it. The parcel is held by the Utility Fund.

5. ACCRUED PERSONNEL COSTS

The General Fund processes and pays all payroll and most related personnel and benefit costs for all funds of the District. At the time the expenses are incurred, each fund records its appropriate costs. As payments are made the individual funds record a due to the General Fund. This process provides the General Fund with the necessary available financial resources to meet these obligations. Generally no payroll or personnel accruals are recorded to the individual funds. Accruals for HRA, Sick Leave Retirement, Workers Compensation and Vacation can appear in individual funds, because they are recognized well in advance of the payment process. The General Fund also maintains any bank accounts specific for payment of benefits except for those accumulated for Workers Compensation, which has a separate Internal Service Fund.

As a regular course of operations the payroll from June 30 was paid July 3rd. 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 as if the employee terminated. The District allows retiring employees with in excess of 20 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 has no post employment benefit obligations for health insurance or retirement benefits.

The District offers health reimbursement accounts (HRA) in exchange for the insured accepting a higher deductible or co-insurance. The Plan is administered by the health insurance carrier. The District also has a third party administered flexible spending account (FSA). The District maintains bank accounts exclusively for reimbursements for HRA and FSA transactions.

The District's Workers Compensation claims are processed by a Third Party Administrator. Claims are paid through a District zero balance account. Checks issued are payables until presented to the bank for payment.

As of June 30, 2015 the Accrued Personnel Costs were comprised of:

	Governmental	Business-type	Total
Current Payroll Liabilities:			
Accrued Payroll	\$ 374,135	\$ -	\$ 374,135
Taxes Withheld	28,781	-	28,781
Accrued Benefits	31,917	2,498	34,415
Deferred Comp	4,932	-	4,932
Pension	25,394	-	25,394
Ongoing Benefit Liabilities:			
Health Reimbursement Accounts	1 08,542	-	108,542
Sick Leave Retirement Benefit	16,120	219,004	235,124
Workers Comp unpaid losses and expenses	560	100,000	100,560
Accrued Vacation	<u>111,386</u>	<u>344,844</u>	<u>456,230</u>
 Total Government-wide	 <u>\$701,767</u>	 <u>\$ 666,346</u>	 <u>\$1,368,113</u>

The Government-wide Accrued Personnel Costs 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:

Ongoing Benefit Liabilities	Balance <u>June 30, 2014</u>	Provisions <u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2015</u>
Health Reimbursement	\$ 106,231	\$ 49,335	\$ 47,024	\$ 108,542
Sick Leave Retirement	214,796	28,000	7,672	235,124
Work Comp unpaid losses	255,656	(79,201)	75,895	100,560
Accrued Vacation	424,683	480,272	448,725	456,230

6. UNEARNED REVENUE

The District receives a number of payments that will be recognized as revenue or a liquidated liability based upon a future transaction when the service is provided. These include:

	General	Utility	Community Services	Beach	Total
Billed in advance of service date	\$ 17	\$562,574	\$ 289,253	\$ 14,454	\$866,298
Unexpired season passes	-	-	240,792	-	240,792
External Gift Cards	-	-	62,186	-	62,186
Internal Gift Cards	<u>-</u>	<u>-</u>	<u>246,329</u>	<u>-</u>	<u>246,329</u>
Total	<u>\$ 17</u>	<u>\$562,574</u>	<u>\$ 838,560</u>	<u>\$ 14,454</u>	<u>\$ 1,415,605</u>

7. LONG-TERM DEBT

All of the District's Long Term Bonds are collateralized by a pledge of revenues derived and to be derived from the operation of either the Utility, Community Services or Beach venues, after deduction there from of the amount necessary to pay all operating and maintenance charges as required by applicable bond agreements. The District is also required to maintain rates sufficient to pay all maintenance, depreciation, replacement, betterment, and interest charges.

Outstanding Long-Term Debt as of June 30, 2015

Business Type Activities:

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Due 2015-16
Medium-Term General Obligation Bonds Recreation						
Recreation Impr. (Ski) 2008	06/18/08	06/01/18	3.5-7%	\$7,000,000	\$2,395,000	\$760,000
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation						
Refunding 2012	07/18/12	03/01/23	2.25%	3,475,000	<u>2,847,000</u>	<u>324,000</u>
Total Recreation Revenue Supported Debt					<u>\$5,242,000</u>	<u>\$1,084,000</u>

Utility

State of Nevada						
Sewer C32-0204	10/28/02	01/01/23	3.144%	\$1,702,380	\$ 903,241	\$ 100,970
Water IVGID-1	09/01/04	07/01/25	3.082%	1,687,282	1,012,874	83,067
Sewer CS32-0404 (G.O.)	08/01/06	09/01/26	2.73%	3,000,000	1,961,089	155,146
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	<u>2,688,463</u>	<u>129,889</u>
Total Utility Revenue Supported Debt					<u>\$6,565,667</u>	<u>\$ 469,072</u>
Total Business Type Activities Debt					<u>\$11,807,667</u>	<u>\$1,553,072</u>

Long-Term bonded debt activity for the year ended June 30, 2015

Business Type Activities:

	Beginning Balance	New Issues	Principal Reductions	Ending Balance	Due Within One Year
General Obligation Revenue	\$11,953,395	\$ -	\$2,061,843	\$ 9,891,552	\$1,369,035
Total	<u>2,094,548</u>	<u>-</u>	<u>178,433</u>	<u>1,916,115</u>	<u>184,037</u>
Bond discounts	(13,648)	-	(1,667)	(11,981)	
Bond Premiums	<u>124,866</u>	<u>-</u>	<u>44,128</u>	<u>80,738</u>	
Long-term Debt, net	<u>\$14,159,161</u>	<u>\$ -</u>	<u>\$2,282,737</u>	<u>\$ 11,876,424</u>	

Future Debt Service Requirements as of June 30, 2015

Fiscal Year Ending June 30	Debt Supported by Utility Fund Revenue		Debt Supported by Recreation Fund Revenue	
	Principal	Interest	Principal	Interest
2016	\$ 469,072	\$ 174,062	\$ 1,084,000	\$ 205,263
2017	482,230	160,903	1,123,000	167,471
2018	495,762	147,372	1,187,000	104,577
2019	509,678	133,457	350,000	37,642
2020	523,988	119,145	361,000	29,643
2021 to 2025	2,585,965	372,551	1,137,000	38,891
2026 to 2030	1,123,515	107,706	-	-
2031 to 2032	<u>375,457</u>	<u>11,283</u>	<u>-</u>	<u>-</u>
Total	<u>\$6,565,667</u>	<u>\$1,226,479</u>	<u>\$ 5,242,000</u>	<u>\$ 583,487</u>

At June 30, 2015, principal and interest to maturity in 2032, to be paid from pledged future revenues, totaled \$13,617,633. For the year ended June 30, 2015 the net pledged revenue was \$2,829,841.

8. CAPITAL GRANTS

The District received \$329,705 of capital grants for the water and sewer infrastructure, in the Utility Fund. The Community Services Fund received a capital grant for creek restoration of \$235,674.

9. 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.

10. 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 Money Purchase Pension Plan (Section 401b). The District also sponsors a Section 457 Deferred Compensation Plan.

The District's Money Purchase Pension (Section 401b) Plan is a defined contribution plan. The plan is administered by Transamerica Retirement Solutions, 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 provides a non-elective contribution of 12.3% of the employee's pay. 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 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 responsibility 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 responsibility 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, 1620 South Loop Road, Alameda, California 94502-7089 or by calling (510) 748-7438.

The District's Deferred Compensation (Section 457) Plan is a defined contribution plan. The plan is administered by Transamerica Retirement Solutions, 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 immediately after the first day of a month. Employee contributions are subject to Internal Revenue Service regulations for Section 457 plans. The District provides a matching contribution up to 2%. Both employee and District contributions are fully vested 100% as made.

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

<u>Year Ended June 30</u>	<u>Contribution to:</u>			
	<u>(401b) Money Purchase</u>	<u>Operating Engineers</u>	<u>Employer Section 457</u>	<u>Employee Section 457</u>
2015	\$ 731,354	\$ 33,929	\$ 161,521	\$ 272,151
2014	752,073	42,656	168,321	271,398
2013	729,936	46,407	196,624	273,585

11. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

Insurance Coverage on June 30, 2015 consists of the following:

Type	Carrier/Provider	Amount
Property Liability on buildings & contents	NV Public Agency Pool	\$300,000,000
Auto Liability	NV Public Agency Pool	10,000,000
Ski Resort Gen. Liability	Granite State Insurance	1,000,000
Ski Resort Excess Liability	New Hampshire Insurance	7,000,000
Boiler & Machinery	NV Public Agency Pool	60,000,000
Errors and Omissions	NV Public Agency Pool	5,000,000
Directors and Officers Liability	RSUI Indemnity Company	1,000,000
General Liability	NV Public Agency Pool	10,000,000
Workers Compensation	NV Public Agency Comp. Trust	2,000,000

The District has elected to participate in the Nevada Public Agency Insurance Pool. The Pool secures insurance coverage for all its members. The Pool does not offer coverage for the Diamond Peak Ski Resort.

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 per occurrence, less the member's maintenance deductible. The District has a \$5,000 deductible. Excess insurance above the Pool's self-funded amount, is provided by secondary markets based on arrangements made with the Pool, including a Pool owned captive. The District has elected to self insure for all property damages to the ski lifts and some 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, less the District's deductible.

Prior to July 1, 2013 the District was self-insured for Worker's Compensation coverage through an internal service fund. This fund remains liable for claim costs incurred during that time. As of July 1, 2013 the District utilizes the Nevada Public Agency Compensation Trust to provide work comp coverage for all employees.

Risk Management

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 self insured risks of loss for Workers Compensation benefits incurred prior to July 1, 2013. Under that program, the District provided coverage for up to \$1,250,000 for each worker's compensation claim. The internal service has continued to collect charges based on compensation and pay member assessments to the Nevada Public Agency Compensation Trust (NVPACT). All funds of the District participate in the program and made payments to the Workers Compensation Fund based on actuarial estimates made by NVPACT of the amounts needed to pay claims as member of the risk sharing pool.

For fiscal year ended June 30, 2015, the Risk Management Program billed other District funds a total of \$342,419 and made net payments for coverage of \$292,552. There were no new claim costs for the period prior to July 1, 2013. The claim reserves and future administration costs have been re-evaluated each of the last three years and resulted in a reduction in the general provision by \$79,201, \$36,623 and \$188,000 respectfully. The District's Third Party Administrator monitors open claims. As of June 30, 2015 approximately \$100,000 in open claim reserves existed as the total Claims Liability.

Since the District has changed its source of coverage as of July 1, 2013, the only liability is based on reported open claims as determined by the District' third party administrator plus a provision for costs to administer those claims. The general provision of \$79,201 reduces the liability since the risk of incurred but not reported claims has been essentially eliminated after July 1, 2013. Under Nevada statute, the District remains directly liable for future costs for claims incurred prior to July 1, 2013.

Following is a reconciliation of Workers Comp total claims liability as of June 30, 2015, for claims incurred prior to July 1, 2013.

	<u>Beginning Claims Liability</u>	<u>Claims Made</u>	<u>Claims Payments</u>	<u>General Provision</u>	<u>Ending Claims Liability</u>
June 30, 2015	\$255,000	\$ -	\$75,799	\$(79,201)	\$100,000
June 30, 2014	323,000	-	31,377	(36,623)	255,000
June 30, 2013	511,000	56,203	56,203	(188,000)	323,000

12. CONTINGENCIES

The District participates in various federal programs, which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will be established at a future date.

Washoe County is currently the defendant in various lawsuits with property owners disputing the County Assessor's valuation methods used for property within the Lake Tahoe Basin. The County intends to vigorously defend the Assessor's valuations; however, the outcome of these lawsuits is not presently determinable. An adverse ruling could result in a rollback of property values and subsequent rebates to property owners. Similar cases have resulted in the County charging a portion of the rebates against the District's tax settlements in 2012 through 2014. The impact on the District's financial condition cannot be reasonably estimated.

13. COMMITTED FUND BALANCE

On August 29, 2012 the Board of Trustees established \$400,000 Committed balance in the General Fund. Upon determination that the General Fund has been able to meet its obligations, the District will then release the commitment, by an action of the Board of Trustees, and make a transfer to the Community Services Fund. The focus of delaying a transfer under this commitment was to meet the obligation under the Washoe County Tax Refund first. Full determination of that obligation occurred during the year ending June 30, 2014. The District budgeted to make the transfer in fiscal year ending June 30, 2015, but then decided not to make it to allow another transaction in the General Fund for that fiscal year. The Commitment remains in place to be executed at a later date.

14. LEASE OBLIGATIONS

Current Expenses:

The District has two significant lease obligations. During the year ended June 30, 2015, \$38,176 was paid for Golf Carts used at the Mountain Golf Course and \$55,886 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:

	<u>Community Services Fund</u>	
	<u>Lease for Use 58 Gas Carts</u>	<u>Lease for Use 75 Electric Carts</u>
June 30, 2016	\$38,176	\$ 55,886
June 30, 2017	38,176	109,092
June 30, 2018	74,893	-
Total	<u>\$ 151,245</u>	<u>\$ 164,978</u>

15. SETTLEMENT OF LAWSUIT

The District initiated a claim for recovery of costs relative to water damage at the Diamond Peak Ski Resort. The 2012 claim involved issues of workmanship and installation that is covered by insurance for the contractor(s). The District filed litigation with the contractor(s), their insurance company and others if necessary, to recover the costs. The District’s Construction in Progress for the Community Services Fund carries \$236,616 as the cost of this claim.

16. DIFFERENCES BETWEEN GOVERNMENT-WIDE AND PROPRIETARY FUND FINANCIAL STATEMENTS

The net results of operations for Internal Service Funds have been allocated to the Enterprise Activities in the Government-Wide Financial Statements. Sales of plans of \$600 have been added to Utilities charges for services. Investment earnings of \$24,672 were added to Community Services. Net results of \$55,564 from Interfund services less related operating expenses reduced Community Services expenses in the District-wide Statement of Activities.

	Individual Fund	Difference	District-Wide
Utilities Charges for Services	\$10,851,123	\$ 600	\$10,851,723
Community Services Expenses & Interest	\$15,558,480	\$(55,564)	\$15,502,916
Enterprise Fund Investment Earnings	\$ 138,335	\$ 24,672	\$ 163,007
Change in Net Position – Internal Services		\$ 80,836	

17. COMMITMENTS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$263,000 for calendar year 2015 services. As of June 30, 2014 \$131,500 in quarterly deposits are remaining to be paid as a part of the subsequent year’s budget.

The District budgets for capital projects one year at a time for capital improvement project spending authority. However, the actual execution of construction or acquisition can span one or more fiscal years. Therefore, the District has identified carryover and unspent budget authority for projects which becomes part of Unrestricted Net Position in its Enterprise Funds.

Utility Fund:

As of June 30, 2015 there is \$9,521,277 of identified projects included in the carryover. The most significant portion is \$6,506,369 for the Effluent Export Line and \$1,052,131 for the Public Works Equipment Storage Building.

Community Services Fund:

As of June 30, 2015 there is \$1,083,916 of identified projects in the carryover. The most significant portion is \$260,982 for the Incline Creek Culvert Rehabilitation and \$250,000 for the Diamond Peak Master Plan Implementation.

Beach Fund:

As of June 30, 2105 there is \$31,660 of identified projects in the carryover.

As a part of the budgeting for the fiscal year ending June 30, 2016, the District reported \$1,083,916 of capital expenditures for the Community Services Fund and \$31,660 of capital expenditures for Beach Fund as coming from operating transfers from those Funds to the Capital Projects Fund. The source of those transfers is presumably fund balance which is reported as Unrestricted Net Position.

The District has committed to these capital improvement projects through contractual arrangements:

	<u>Contract Award</u>	<u>Completed at June 30, 2015</u>	<u>Remaining Commitment</u>
Utility Fund			
Water main Replacement			
Q&D Construction, Inc.	\$596,560	\$267,848	\$328,712
Community Services Fund			
Creek Restoration			
Cardno, Inc.	\$227,000	\$197,773	\$ 29,227
Ski Resort Point of Sales System			
Active Network	\$313,449	\$132,400	\$181,049

18. EXTRAORDINARY EXPENSE FOR UTILITY FUND

In April 2014, a leak occurred in the District's effluent pipeline that results in damage to an area highway. Leaks of this magnitude and consequence are not expected in the normal course of operations and thus the repairs costs have been reported as an extraordinary expense. In July 2014 the District incurred \$26,906 of repair costs to complete the paving of the State highway affected by the leak.

19. SUBSEQUENT EVENT

Effective July 1, 2015, with its new fiscal and budget year, the District began utilizing Special Revenue, Capital Projects and Debt Service governmental fund accounting for the Community Services Fund and the Beach Fund, which have to date been accounted for as enterprise funds. The District has changed its approach to the pricing of services and in particular recognizes that the use of the facility fee to provide resources for capital expenditure and debt service cannot be displayed in a readily understandable fashion for its constituents.

The Board of Trustees has approved a budget, which has been filed with the State of Nevada Department of Taxation, which reflects this change. The remaining action will be to have the Board of Trustees approve the transfer of the Net Position of the Community Services Fund and the Beach Fund upon conclusion of the audit process and the acceptance of that report. The budget document filed with the State estimated that amount to be \$5,294,138 for the Community Services Fund, and \$1,302,486, for the Beach Fund. The District presented a template for calculating the transfer amount to the Nevada Department of Taxation Committee on Local Government Finance and outlined its intended method to convert from accrual based accounting under an enterprise fund, to modified accrual accounting for the Special Revenue governmental funds, which would go forward. No Net Position is considered directly related to either the capital projects funds or debt service funds at July 1, 2015.

Based on the audit as of June 30, 2015 the Net Position of the Community Services Fund is \$44,762,511. The Net Position for the Beach Fund is \$5,701,288. These amounts are adequate to satisfy their role in supporting the budget for the fiscal year ending June 30, 2016. The amount of capital project carryover \$1,115,576 (See Note 17) was known and set as a part of the approval of the operating and capital budget.

As of October 28, 2015 the District agreed to a settlement of the suit, described in Note 12, that will result in collecting \$245,000.



INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**SUPPLEMENTARY
INFORMATION**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Fleet Engineering Buildings</u>	<u>Workers Compensation</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 11,879	\$ 11,879
Investments	-	-	-
Interest receivable	-	9,124	9,124
Inventories	76,550	-	76,550
Prepaid expenses	5,006	-	5,006
Due from other funds	173,812	156,555	330,367
	<u>255,368</u>	<u>177,558</u>	<u>432,926</u>
Noncurrent assets:			
Long-term investments	-	1,035,000	1,035,000
Restricted deposits	-	101,404	101,404
Total noncurrent assets	<u>-</u>	<u>1,136,404</u>	<u>1,136,404</u>
Capital assets			
Equipment, furniture and fixtures	281,641	-	281,641
Less: accumulated depreciation	(184,797)	-	(184,797)
Total capital assets (net)	<u>96,844</u>	<u>-</u>	<u>96,844</u>
Total noncurrent assets	<u>96,844</u>	<u>1,136,404</u>	<u>1,233,248</u>
Total assets	<u>352,212</u>	<u>1,313,962</u>	<u>1,666,174</u>
LIABILITIES			
Current liabilities:			
Accounts payable	28,360	84,482	112,842
Accrued personnel costs	70,593	100,000	170,593
Total current liabilities	<u>98,953</u>	<u>184,482</u>	<u>283,435</u>
NET POSITION			
Net investment in capital assets	96,844	-	96,844
Restricted by Third Party Agreement	-	101,404	101,404
Unrestricted	156,415	1,028,076	1,184,491
Total net position	<u>\$ 253,259</u>	<u>\$ 1,129,480</u>	<u>\$ 1,382,739</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Fleet Engineering Buildings	Workers Compensation	Total Internal Service Fund
OPERATING REVENUES			
Sales and fees	\$ 600	\$ -	\$ 600
Interfund services	2,217,103	342,419	2,559,522
Total operating revenues	2,217,703	342,419	2,560,122
OPERATING EXPENSES			
Wages and benefits	1,458,889	-	1,458,889
Services and supplies	727,818	-	727,818
Insurance	-	292,552	292,552
Utilities	8,997	-	8,997
Legal and audit	5,064	-	5,064
Depreciation	10,638	-	10,638
Total operating expenses	2,211,406	292,552	2,503,958
Operating income (loss)	6,297	49,867	56,164
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	-	24,672	24,672
Changes in net position	6,297	74,539	80,836
Total net position, July 1	246,962	1,104,941	1,351,903
Total net position, June 30	\$ 253,259	\$ 1,179,480	\$ 1,432,739

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Fleet Engineering Buildings</u>	<u>Workers Compensation</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 600	\$ -	\$ 600
Receipts from interfund services provided	2,217,103	342,419	2,559,522
Payments to suppliers	(747,172)	(390,383)	(1,137,555)
Payments to employees	(1,475,619)	(76,455)	(1,552,074)
Net cash provided (used) by operating activities	<u>(5,088)</u>	<u>(124,419)</u>	<u>(129,507)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Due to (from) other funds	<u>26,620</u>	<u>16,686</u>	<u>43,306</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	<u>(21,532)</u>	<u>-</u>	<u>(21,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other deposits	-	58,868	58,868
Investment earnings	-	24,532	24,532
Net cash (used) by investing activities	<u>-</u>	<u>83,400</u>	<u>83,400</u>
Net change in cash and cash equivalents	-	(24,333)	(24,333)
Cash and cash equivalents, July 1	<u>-</u>	<u>36,212</u>	<u>36,212</u>
Cash and cash equivalents, June 30	<u>\$ -</u>	<u>\$ 11,879</u>	<u>\$ 11,879</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Original & Final Budget	Actual	Variance
REVENUES			
Ad valorem taxes	\$ 1,392,186	\$ 1,377,337	\$ (14,849)
Intergovernmental:			
Consolidated & other tax	1,248,000	1,369,950	121,950
Miscellaneous	<u>28,600</u>	<u>45,835</u>	<u>17,235</u>
Total revenues	<u>2,668,786</u>	<u>2,793,122</u>	<u>124,336</u>
EXPENDITURES			
Current:			
General government			
Wages	1,553,684	1,567,810	(14,126)
Benefits	764,398	709,574	54,824
Services, supplies & other	1,135,186	862,089	273,097
Capital Outlay	189,120	644,383	(455,263)
Transfer to Community Services	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total expenditures/expenses	<u>4,042,388</u>	<u>3,783,856</u>	<u>258,532</u>
Excess (deficiency) of revenues over expenditures	<u>(1,373,602)</u>	<u>(990,734)</u>	<u>382,868</u>
Other Financing Sources			
Central Services	<u>1,101,000</u>	<u>1,101,000</u>	<u>-</u>
Net changes in fund balance	(272,602)	110,266	382,868
Fund balance, July 1	<u>1,136,467</u>	<u>1,391,021</u>	<u>254,554</u>
Fund balance, June 30	<u>\$ 863,865</u>	<u>\$ 1,501,287</u>	<u>\$ 637,422</u>

As filed with the State of Nevada Forms 9 & 11

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
UTILITY FUND - BUDGETARY BASIS
WATER, SEWER AND TRASH ACTIVITIES
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Original & Final Budget	Actual	Variance
REVENUES			
Sales and service fees	\$ 10,800,400	\$ 10,851,123	\$ 50,723
Investment earnings	60,000	81,996	21,996
Total revenues	10,860,400	10,933,119	72,719
EXPENSES			
Wages	2,276,634	2,252,708	23,926
Benefits	1,178,632	1,089,550	89,082
Services and supplies	1,679,800	1,768,709	(88,909)
Defensible Space	100,000	99,479	521
Central Services cost	283,000	283,000	-
Utilities	1,124,300	984,438	139,862
Depreciation	2,927,700	2,865,958	61,742
Legal and audit	97,000	71,918	25,082
Debt service interest	180,510	180,505	5
Amortization of issuance costs	300	-	300
Total expenses	9,847,876	9,596,265	251,611
Gain (loss) on sale of assets	-	(34,499)	(34,499)
Extraordinary expense	-	(26,906)	(26,906)
Changes in Net Position (GAAP basis and per budget form 19 filed with State of NV)	\$ 1,012,524	\$ 1,275,449	\$ 262,925

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES
(Budget Form 20 filed with State of NV)**

Capital Contributions (Grants)	\$ 150,000	\$ 329,705	\$ 179,705
Acquisition of Capital Assets	\$ (4,913,800)	\$ (2,942,220)	\$ 1,971,580
Payments of Capital Debt	\$ (456,276)	\$ (456,276)	\$ -

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES FUND - BUDGETARY BASIS
ALL RECREATION ACTIVITIES
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Original & Final Budget	Actual	Variance
REVENUES			
Sales and service fees	\$ 12,009,600	\$ 10,860,998	(1,148,602)
Facility fee	5,971,400	6,018,616	47,216
Property owner discounts on entry fees	(654,200)	(470,402)	183,798
Intergovernmental -Grant	81,400	17,000	(64,400)
Interfund Services	98,100	78,203	(19,897)
Investment earnings	30,000	46,153	16,153
Total revenues	17,536,300	16,550,568	(985,732)
EXPENSES			
Current:			
Wages	5,015,109	4,856,720	158,389
Benefits	1,682,800	1,491,068	191,732
Cost of goods sold	827,900	947,647	(119,747)
Services and Supplies	3,946,750	3,648,860	297,890
Central Services cost	745,000	745,000	-
Defensible space	100,000	99,479	521
Utilities	1,090,300	1,136,738	(46,438)
Depredation	2,306,400	2,342,332	(35,932)
Legal and audit	125,900	91,989	33,911
Debt service interest	245,158	241,134	4,024
Amortization of bond accounts	(42,487)	(42,487)	-
Total expenditures/expenses	16,042,830	15,558,480	484,350
Gain (loss) on sale of assets	-	31,576	31,576
Transfer in from General Fund	400,000	-	
Tower Revenue	82,600	113,684	31,084
Changes in Net Position (GAAP basis and per budget forms 19 filed with State of NV)	\$ 1,976,070	\$ 1,137,348	\$ (438,722)

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES
(Budget Form 20 filed with State of NV)**

Acquisition of Capital Assets	\$ (2,731,208)	\$ (2,832,606)	\$ (101,398)
Payments of Capital Debt	\$ (1,513,397)	\$ (1,513,398)	\$ (1)
Capital Contributions (Grants)	\$ -	\$ 235,674	\$ 235,674

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH ENTERPRISE FUND - BUDGETARY BASIS
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Sales and service fees	\$ 830,900	\$ 1,052,579	221,679
Facility fee	774,300	778,149	3,849
Property owner discounts on entry fees	(68,500)	(62,977)	5,523
Investment earnings	2,500	10,186	7,686
Total revenues	<u>1,539,200</u>	<u>1,777,937</u>	<u>238,737</u>
EXPENSES			
Current:			
Wages	631,509	660,843	(29,334)
Benefits	171,035	116,262	54,773
Services and supplies	396,620	413,515	(16,895)
Central Services cost	73,000	73,000	-
Utilities	84,300	102,062	(17,762)
Depreciation	148,300	149,427	(1,127)
Legal and audit	15,000	2,746	12,254
Debt service interest	3,317	3,208	109
Amortization of issuance costs	27	27	-
Total expenses	<u>1,523,108</u>	<u>1,521,090</u>	<u>2,018</u>
Gain (loss) on sale of assets	<u>-</u>	<u>(27,666)</u>	<u>(27,666)</u>
Changes in Net Position (GAAP basis and per budget form 19 filed with State of NV)	<u>\$ 16,092</u>	<u>\$ 229,181</u>	<u>\$ 213,089</u>

**CASH FLOWS FROM CAPITAL AND RELATED
 FINANCING ACTIVITIES
 (Budget Form 20 filed with State of NV)**

Acquisition of Capital Assets	<u>\$ (228,500)</u>	<u>\$ (695,822)</u>	<u>\$ 467,322</u>
Payments of Capital Debt	<u>\$ (270,602)</u>	<u>\$ (270,602)</u>	<u>\$ -</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
INTERNAL SERVICES FUND - BUDGETARY BASIS
(FLEET , ENGINEERING AND BUILDINGS MAINTENANCE
AND WORKERS COMPENSATION ACTIVITIES)
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original</u>	<u>Augmented Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Services provided by:				
Fleet	\$ 870,600	\$ 870,600	\$ 891,722	\$ 21,122
Engineering	493,500	493,500	473,499	(20,001)
Buildings Maintenance	745,600	840,600	851,882	11,282
Workers Compensation	<u>329,400</u>	<u>329,400</u>	<u>342,419</u>	<u>13,019</u>
Interfund Services	2,439,100	2,534,100	2,559,522	25,422
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>600</u>	<u>(2,400)</u>
Operating Revenue per Form 19	2,442,100	2,537,100	2,560,122	23,022
Investment earnings	<u>25,400</u>	<u>25,400</u>	<u>24,672</u>	<u>(728)</u>
 Total Revenues	 <u>2,467,500</u>	 <u>2,562,500</u>	 <u>2,584,794</u>	 <u>22,294</u>
EXPENSES				
Wages	1,015,874	1,015,874	970,262	45,612
Benefits	533,986	533,986	488,627	45,359
Services and Supplies	854,700	949,700	1,020,370	(70,670)
Utilities	6,900	6,900	8,997	(2,097)
Legal & Audit	9,000	9,000	5,064	3,936
Depreciation	<u>10,700</u>	<u>10,700</u>	<u>10,638</u>	<u>62</u>
 Total expenses	 <u>2,431,160</u>	 <u>2,526,160</u>	 <u>2,503,958</u>	 <u>22,202</u>
 Changes in Net Position (GAAP basis and per budget form 19 filed with State of NV)	 <u>\$ 36,340</u>	 <u>\$ 36,340</u>	 <u>\$ 80,836</u>	 <u>\$ 44,496</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES (Budget Form 20 filed with State of NV)				
Acquisition of Capital Assets	<u>\$ (26,000)</u>	<u>\$ (26,000)</u>	<u>\$ (21,532)</u>	<u>\$ 4,468</u>

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

The Statistical Section of the Incline Village General Improvement District Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information indicates about the District's overall financial health.

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Financial Trends

These schedules contain trend information to help understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help assess the District's most significant local revenue source, the Facility Fee, property tax and local share of state-wide shared taxes.

Debt Capacity

These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help understand how the information in the District's financial report relates to the services the District provides and the activities it performs

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Net Position

Last Five Fiscal Years - (unaudited)

	Fiscal Years				
	2015	2014	2013	2012	2011
Governmental Activities					
Net invested in capital assets	\$ 3,634,557	\$ 3,071,179	\$ 3,071,955	\$ 3,103,742	\$ 3,185,297
Restricted	-	-	-	52,000	-
Unrestricted	1,501,287	1,391,021	886,664	181,702	(114,875)
Total governmental activities net position	<u>\$ 5,135,844</u>	<u>\$ 4,462,200</u>	<u>\$ 3,958,619</u>	<u>\$ 3,337,444</u>	<u>\$ 3,070,422</u>
Business-type activities					
Net invested in capital assets	\$ 101,460,934	\$ 98,127,357	\$ 95,632,904	\$ 93,808,608	\$ 88,169,974
Restricted	413,260	471,789	495,310	1,130,192	1,100,527
Unrestricted	18,842,492	18,829,347	17,516,888	11,845,530	13,100,416
Total business-type activities net position	<u>\$ 120,716,686</u>	<u>\$ 117,428,493</u>	<u>\$ 113,645,102</u>	<u>\$ 106,784,330</u>	<u>\$ 102,370,917</u>
Primary government					
Net invested in capital assets	\$ 105,095,491	\$ 101,198,536	\$ 98,704,859	\$ 96,912,350	\$ 91,355,271
Restricted	413,260	471,789	495,310	1,182,192	1,100,527
Unrestricted	20,343,779	20,220,368	18,403,552	12,027,232	12,985,541
Total primary government net position	<u>\$ 125,852,530</u>	<u>\$ 121,890,693</u>	<u>\$ 117,603,721</u>	<u>\$ 110,121,774</u>	<u>\$ 105,441,339</u>

5 years data is presented as opposed to 10 Years due to a lack of sufficient and consistent classifications.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
General government	\$ 2,119,478	\$ 2,076,147	\$ 1,985,100	\$ 1,891,830	\$ 3,882,904
Total governmental activities expenses	2,119,478	2,076,147	1,985,100	1,891,830	3,882,904
Business-type activities:					
Utilities	9,596,265	9,235,798	8,580,345	8,604,093	8,317,461
Community Services	15,502,916	15,300,284	14,899,527	15,421,206	15,599,730
Beach	1,521,090	1,378,724	1,158,071	1,177,800	1,263,121
Total business-type activities expenses	26,620,271	25,914,806	24,637,943	25,203,100	25,180,312
Total primary government expenses	28,739,749	27,990,953	26,623,043	27,094,930	29,063,216
Program Revenues					
Governmental activities:					
Internal Services	-	-	-	-	-
Business-type activities:					
Charges for services					
Utilities	10,851,723	10,432,200	9,770,425	9,130,805	8,485,161
Community Services	16,487,415	16,552,498	16,765,559	16,350,936	17,612,042
Beach	1,767,751	1,813,337	1,755,342	1,467,842	1,228,336
Operating Grants and Contributions	17,000	106,238	97,123	77,700	84,000
Net (Expense)/Revenue					
Governmental activities	(2,119,478)	(2,076,147)	(1,985,100)	(1,891,830)	(3,882,904)
Business-type activities	2,503,618	2,989,467	3,750,506	1,824,183	2,229,227
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	1,377,337	1,293,676	1,307,715	1,325,436	1,094,166
Combined taxes	1,369,950	1,277,567	1,205,091	1,106,183	1,101,055
Investment earnings	43,295	43,959	30,618	25,555	24,175
Miscellaneous	2,540	16,526	7,482	1,678	11,191
Tax Refund Provision	-	-	55,372	(300,000)	-
Transfers	-	-	-	-	924,154
Business-type activities					
Investment earnings	163,007	120,154	113,164	254,017	229,855
Capital Grants and contributions	565,379	464,480	3,151,123	2,282,869	3,347,686
Miscellaneous	56,189	157,290	74,066	52,344	302,917
Transfers	-	-	-	-	(924,154)
Change in Net Position					
Governmental activities	673,644	555,581	621,178	267,022	(728,163)
Business-type activities	3,288,193	3,731,391	7,088,859	4,413,413	5,185,531
Total primary government	\$ 3,961,837	\$ 4,286,972	\$ 7,710,037	\$ 4,680,435	\$ 4,457,368

5 years data is presented as opposed to 10 Years due to a lack of sufficient and consistent classifications.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Fund Balances of Governmental Funds Last Ten Fiscal Years (unaudited)

	Fiscal Year ended June 30									
	2015	2014	2013	2012	2010	2009	2008	2007	2006	2005
General Fund										
Non-spendable	\$ 218,623	\$ 237,021	\$ 191,780	\$ 174,157	\$ 154,087	\$ 143,088	\$ 322,349	\$ 63,987	\$ 17,481	\$ 405,700
Restricted	-	-	-	52,000	129,000	-	-	-	-	-
Committed	400,000	400,000	400,000	400,000	-	-	-	-	-	-
Unassigned	882,664	754,000	294,887	357,734	332,687	472,686	293,425	551,787	398,293	10,074
Total General Fund	\$1,501,287	\$1,391,021	\$ 886,667	\$ 983,891	\$ 615,774	\$ 615,774	\$ 615,774	\$ 615,774	\$ 415,774	\$ 415,774

All other Governmental Funds

Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-	-	-	-	-	-	10,451
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,451

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (unaudited)

	Fiscal Year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 2,747,287	\$ 2,571,243	\$ 2,512,806	\$ 2,431,619	\$ 2,195,221	\$ 2,203,067	\$ 2,204,188	\$ 2,434,583	\$ 2,589,552	\$ 2,653,577
Special Assessments	-	-	-	-	-	-	-	-	-	154
Central Services Cost Allocation Income	1,101,000	1,068,996	1,000,200	1,074,000	-	-	-	-	-	-
Investment Earnings	43,295	43,959	30,618	25,555	24,175	25,245	18,213	41,108	23,902	15,516
Miscellaneous	2,540	2,990	3,713	1,771	2,071	2,930	4,771	18,189	5,806	25,198
Total Revenues	3,894,122	3,687,188	3,547,337	3,532,945	2,221,467	2,231,242	2,227,172	2,493,880	2,619,260	2,694,445
Expenditures										
General Government	3,139,473	3,059,518	2,907,061	2,874,413	2,943,084	2,778,075	2,853,629	2,830,126	2,697,415	2,446,559
Capital Outlay	644,383	84,849	46,452	9,953	211,657	450,907	237,075	126,706	111,167	118,934
Total Expenditures	3,783,856	3,144,367	2,953,513	2,884,366	3,154,741	3,228,982	3,090,704	2,956,832	2,808,582	2,565,493
Other Financing Sources (Uses)										
Sale of assets	-	13,536	3,769	-	9,120	-	-	-	-	-
Transfer In	-	-	-	-	924,154	1,267,842	863,532	462,952	389,322	13,523
Transfer Out	-	-	-	-	-	-	-	-	-	(128,798)
Washoe Co Tax Refund	-	-	(694,817)	(280,460)	-	(270,102)	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	(24,218)
Total Other Sources (Uses)	-	13,536	(691,048)	(280,460)	933,274	997,740	863,532	462,952	389,322	(139,493)
Net Changes in Fund Balance	\$ 110,266	\$ 556,357	\$ (97,224)	\$ 368,119	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ (10,541)

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Fiscal Year Ended	Taxable Real Property Assessed Value	Direct Tax Rate	Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
2015	\$ 1,456,574,018	0.1157	\$ 4,161,640,051	35%
2014	1,392,531,036	0.1105	3,978,660,103	35%
2013	1,374,297,099	0.1153	3,926,563,140	35%
2012	1,368,961,464	0.1129	3,911,318,469	35%
2011	1,448,979,941	0.0806	4,139,942,689	35%
2010	1,580,606,324	0.0755	4,516,018,069	35%
2009	1,877,488,689	0.0741	5,364,253,397	35%
2008	1,547,081,848	0.0711	4,420,233,851	35%
2007	1,559,038,953	0.0687	4,454,397,009	35%
2006	1,445,782,050	0.0702	4,130,805,857	35%

SOURCE: State of Nevada Department of Taxation

(Washoe County implemented a County-wide 15% reduction of assessed valuation in 2010)

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Rate Per \$100 assessed valuation	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fiscal Year Ended June 30,										
Incline Village GID-Direct	\$ 0.1157	\$ 0.1105	\$ 0.1153	\$ 0.1129	\$ 0.0806	\$ 0.0755	\$ 0.0741	\$ 0.0711	\$ 0.0687	\$ 0.0702
Overlapping-										
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917	1.3917
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	0.6291	0.6291	0.6414	0.5525	0.5389	0.5275	0.5226	0.5142	0.5070	0.5118
State of Nevada	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Total	\$ 3.4450	\$ 3.4398	\$ 3.4569	\$ 3.3656	\$ 3.3197	\$ 3.3032	\$ 3.2969	\$ 3.2855	\$ 3.2759	\$ 3.2822

SOURCE: Nevada Dept of Taxation - Total Property Tax Rates by Taxing Unit

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Property Taxpayers Current Fiscal Year and Nine Years Ago (unaudited)

Taxpayer	Type of Entity	2014 - 2015			2005 - 2006		
		Taxable	% of Total	Rank	Taxable	% of Total	Rank
		Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value
Hyatt Equities LLC	Hotel/Casino	\$ 24,227,507	1.66%	1	\$ 20,856,556	1.34%	1
Nevada Pacific Devel Corp	Development	18,183,959	1.25%	2	16,773,742	1.08%	2
Ponderosa Ranch Stables, LLC	Residential Property	10,771,894	0.74%				
Tahoe Estate LLC	Residential Property	10,319,086	0.71%				
David A Duffield Trust	Residential Property	8,188,045	0.56%		8,112,870	0.52%	4
SF Pacific LLC	Residential Property	7,981,269	0.55%				
1145 Lakeshore Boulevard	Residential Property	7,788,119	0.53%				
Lakeshore Trust	Residential Property	7,707,749	0.53%				
O'Neal Family Trust	Residential Property	5,746,342	0.39%				
KWS Nevada Residential LLC	Residential Property	5,556,941	0.38%				
Richard V. Sandler	Residential Property				10,043,783	0.64%	9
HTS Ground Lake Tahoe INC	Residential Property				6,789,356	0.44%	3
Robert Wong	Residential Property				7,110,734	0.46%	6
Kern W Schumacher	Residential Property				6,262,810	0.40%	5
Dorothy L Lamelson	Residential Property				5,830,061	0.37%	7
Peno Bottom	Residential Property				5,288,889	0.34%	8
Albert W. Duffield	Residential Property				5,455,499	0.35%	10
		<u>\$ 106,470,911</u>	<u>7.31%</u>		<u>\$ 92,524,300</u>	<u>5.93%</u>	
Total IVGID Community		<u>\$ 1,456,574,018</u>			<u>\$ 1,559,038,953</u>		

SOURCE: Washoe County Assessors Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**Tax Levies, Collections and Delinquencies - as per Washoe County Collection Summary
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ending June 30,	Net Levy Roll	Current Tax Collected	Percent of Levy Collected	June 30, 2015 Delinquent Tax Outstanding
2015	\$ 1,374,182	\$ 1,368,812	99.61%	\$ 5,370
2014	1,299,334	1,299,007	99.97%	327
2013	1,313,846	1,313,787	100.00%	59
2012	1,402,343	1,402,286	100.00%	57
2011	1,096,897	1,096,882	100.00%	15
2010	1,070,220	1,070,205	100.00%	15
2009	1,099,943	1,099,933	100.00%	10
2008	1,050,770	1,050,770	100.00%	-
2007	1,005,343	1,005,343	100.00%	-
2006	1,000,658	1,000,658	100.00%	-
2005	1,001,697	1,001,697	100.00%	-

SOURCE: Washoe County Treasurer's Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years (unaudited)

Fiscal Year Ended	Governmental Type Activities	Business-Type Activities			Total	Gross Bonded Debt	Percentage Payable by		Population	Debt Per Capita
		Revenue Pledged	General Obligation	\$			Property Taxes	Enterprise Revenues		
2015	\$ -	\$ 4,604,578	\$ 7,203,089	\$ 11,807,667	\$ 11,807,667	0%	100%	9087	\$ 1,299	
2014	-	2,094,548	11,953,395	14,047,943	14,047,943	0%	100%	9087	1,546	
2013	-	2,267,548	13,948,228	16,215,776	16,215,776	0%	100%	9087	1,785	
2012	-	2,435,281	14,185,379	16,620,660	16,620,660	0%	100%	9087	1,829	
2011	-	2,597,909	16,048,477	18,646,386	18,646,386	0%	100%	9087	2,052	
2010	-	2,755,584	18,817,174	21,572,758	21,572,758	0%	100%	9087	2,374	
2009	-	2,908,459	21,500,867	24,409,326	24,409,326	0%	100%	10500	2,325	
2008	-	3,096,322	24,075,453	27,171,775	27,171,775	0%	100%	10500	2,588	
2007	-	3,200,388	19,003,333	22,203,721	22,203,721	0%	100%	10500	2,115	
2006	-	3,339,721	19,756,279	23,096,000	23,096,000	0%	100%	10500	2,200	

SOURCE: Incline Village General Improvement District Annual Debt Management Reports

Note: All outstanding bonds carry a revenue pledge, all but three also carry a secondary General Obligation pledge.

However, no tax levy is made to fund debt service because net revenues are sufficient to meet these obligations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

OUTSTANDING OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS

Last ten fiscal years (unaudited)

	General Obligation Indebtedness	Presently Self-Supported General Obligation Indebtedness	Percent Applicable * Indine Village	As of June 30, 2015 Applicable Net Debt
Washoe County	\$ 154,783,000	\$ 46,337,000	10.4%	\$ 11,278,384
Washoe County School District	474,266,732	-	10.4%	49,323,740
State of Nevada (2014)	1,729,010,000	499,005,000	1.5%	18,450,075
Total	2,358,059,732	545,342,000		79,052,199
Indine Village GID	11,807,667	11,807,667	100.0%	-
Total	\$ 2,369,867,399	\$ 557,149,667		\$ 79,052,199
Applicable Net Debt June 30:				
2015				\$ 79,052,199
2014				92,762,454
2013				96,542,090
2012				94,180,056
2011				90,743,574
2010				93,265,052
2009				91,229,360
2008				94,509,272
2007				94,509,272
2006				94,491,678

*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	Debt Service Coverage
2015	\$ 10,851,123	\$ 6,549,802	\$ 20,591	\$ 4,321,912	\$ 636,781	6.79
2014	10,434,118	6,270,919	56,295	4,219,494	636,956	6.62
2013	9,767,475	5,867,114	73,522	3,973,883	965,108	4.12
2012	9,127,955	5,839,109	86,391	3,375,237	1,010,929	3.34
2011	8,485,161	5,845,108	159,402	2,799,455	1,013,922	2.76
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

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	Debt Service Coverage
2015	\$ 18,272,166	\$ 14,392,676	\$ 173,933	\$ 4,053,423	\$ 2,028,342	2.00
2014	18,472,073	14,002,615	196,763	4,666,221	2,025,584	2.30
2013	18,618,024	13,485,112	90,791	5,223,703	2,353,561	2.22
2012	17,771,350	13,605,912	153,785	4,319,223	2,385,541	1.81
2011	18,867,490	13,871,398	335,293	5,331,385	2,586,856	2.06
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

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 used by both funds.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

<u>Year</u>	<u>General Fund Balance</u>	<u>Annual Debt Service Expenditures</u>	<u>Total Government & Business-type Expenditures/ Expenses</u>	<u>Ratio Debt Service to Total Expenditures</u>	
2015	\$ 1,513,439	\$ 2,665,123	\$ 28,746,496	9%	
2014	1,443,021	2,662,540	27,990,953	10%	
2013	886,664	3,318,669	26,623,043	12%	
2012	983,891	3,396,470	28,469,023	12%	
2011	615,774	3,600,778	29,063,216	12%	
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%	Began repayment of Utility Bonds

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
2015	\$ 1,456,574,018	\$ 728,287,009	\$ 11,807,667	\$ 716,479,342
2014	1,392,531,036	696,265,518	14,047,943	682,217,575
2013	1,374,297,099	687,148,550	16,215,766	670,932,784
2012	1,368,961,464	684,480,732	16,620,660	667,860,072
2011	1,448,979,941	724,489,971	18,646,386	705,843,585
2010	1,580,606,324	790,303,162	21,572,758	768,730,404
2009	1,877,488,689	938,744,345	24,409,326	914,335,019
2008	1,547,081,848	773,540,924	27,171,775	746,369,149
2007	1,559,038,953	779,519,477	22,203,721	757,315,756
2006	1,445,782,050	722,891,025	19,594,172	703,296,853

SOURCE: State of Nevada Department of Taxation

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Median Age</u>	<u>County Personal Income²</u>	<u>Housing Units</u>	<u>Occupied Housing Units</u>	<u>Housing Seasonal Use</u>	<u>Reno-Sparks Unemployment Rate²</u>
2015	9087						6.4%
2014	9087						7.3%
2013	9087						9.8%
2012	9087						12.0%
2011	9087						13.0%
2010 ¹	9087	46.1	\$40,322	7,954	3,924	3,353	13.6%
	Estimated						
2009	10500						11.7%
2008	10500						6.4%
2007	10500						4.4%
2006	10500						4.0%
2000 ¹	9952	42.1	\$36,658	7,664	4,176	2,957	4.0%

1 Based on actual Census Data

Estimated population through Washoe County Community Development

2 Best available unemployment data, a rate is not determined for our immediate area.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Employers

Current Fiscal Year and Past Four and Ten Years Ago (unaudited)

Employer	2015 Employee Count	Rank 2014	Rank 2013	Rank 2012	Rank 2011	Rank 2006
HYATT LAKE TAHOE RESORT	400 to 499	1	1	1	1	1
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	400 to 499	2	2	2	2	2
EXCEL TOTAL SERVICES INC.	100 to 199	-	-	-	-	-
TAHOE BILTMORE LODGE		3	8	6	7	-
SIERRA NEVADA COLLEGE	100 to 199	4	3	3	5	3
GRAND LODGE CASINO	100 to 199	-	-	-	-	-
RALEY'S	80 to 89	6	9	7	8	4
BLUE ROCK DEVELOPMENT	60 to 69	-	-	-	-	-
KELLY BROTHERS PAINTING INC.	60 to 69	-	-	-	-	-
CRYSTAL BAY CLUB CASINO		5	6	4	4	-
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	50 to 59	7	7	9	10	5
CAL-NEVA LODGE		8	-	-	-	-
TAHOE FOREST HOSPITAL HEALTH ASSOCIATED MANAGEMENT INC.	50 to 59	9	10	10	> 10	7
		10	-	-	-	-

SOURCE: Nevada Department of Employment, Training and Rehabilitation

Data is based on reported employment as of March 31, each year.

Data for all years is not available.

Data for percentage to total employment is not available.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Budget year ending June 30		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Golf	Seasonal/Part Time Positions	107.2	97.5	103.5	72.3	68.5	68.0	67.0	70.5	70.5	78.0
	Season/Part Time FTE	37.0	35.3	36.8	27.4	29.1	28.8	29.4	29.4	31.4	34.7
	Full Time FTE	7.2	6.7	6.8	6.99	8.1	9.6	10.5	13.4	13.4	9.0
	Total FTE	44.2	42.0	43.6	34.39	37.16	38.4	39.9	42.8	44.7	43.7
Facilities	Seasonal/Part Time Positions	1.7	16.5	2.0	1.8	1.5	0.5	2.0	1.5	11.5	9.0
	Season/Part Time FTE	1.2	3.6	1.0	1.0	0.7	0.1	0.4	0.7	4.8	1.5
	Full Time FTE	1.1	3.4	2.0	1.1	1.0	2.5	2.0	1.0	1.0	4.0
	Total FTE	2.3	7.0	3.0	2.1	1.8	2.6	2.4	1.7	5.8	5.5
Ski	Seasonal/Part Time Positions	254.0	247.0	193.0	216.0	225.0	218.0	218.0	212.0	208.0	235.5
	Season/Part Time FTE	46.0	49.6	33.6	41.8	39.3	39.7	39.6	40.6	40.0	40.6
	Full Time FTE	14.4	11.7	9.8	12.8	9.6	10.5	10.6	10.6	10.6	10.1
	Total FTE	60.4	61.3	43.4	54.6	48.9	50.2	50.2	51.2	50.6	50.7
Parks & Recreation	Seasonal/Part Time Positions	103.4	94.3	101.8	100.9	103.3	106.5	108.6	196.0	182.0	192.5
	Season/Part Time FTE	25.5	25.9	27.7	28.4	28.6	29.8	30.4	42.5	39.8	37.1
	Full Time FTE	9.8	9.0	11.8	11.8	12.3	14.5	14.3	17.0	14.8	15.4
	Total FTE	35.3	34.9	39.5	40.4	40.9	44.4	44.6	59.5	54.6	52.5
Marketing	Seasonal/Part Time Positions	2.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	Season/Part Time FTE	0.3	0.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
	Full Time FTE	2.9	3.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Total FTE	3.2	3.0	2.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Food & Beverage	Seasonal/Part Time Positions	Included		57.0	59.0	53.0	59.0	59.0	58.0	68.0	59.0
	Season/Part Time FTE		in Ski	14.4	14.3	18.1	18.9	18.8	21.5	18.6	15.8
	Full Time FTE			4.0	5.0	5.3	5.6	5.6	6.0	6.0	6.0
	Total FTE			18.4	19.3	23.4	24.5	24.4	27.5	24.6	21.8
Other Recreation	Seasonal/Part Time Positions	2.8	0.8	3.1	3.2	3.2	Prior to 2011 Other Recreation were				
	Season/Part Time FTE	1.4	0.1	1.1	1.6	1.6	included in Parks and Recreation.				
	Full Time FTE	1.6	1.6	1.8	2.4	1.4					
	Total FTE	3.0	1.7	2.9	4.0	3.0					
Total Community Service	Seasonal/Part Time Positions	469.0	456.1	462.4	456.1	459.5	454.5	455.6	540.0	542.0	576.0
	Season/Part Time FTE	111.1	114.5	115.3	116.4	116.1	118.2	119.3	135.4	135.3	130.4
	Full Time FTE	34.1	35.4	38.2	41.7	41.2	46.4	46.1	51.0	48.7	47.5
	Total FTE	145.2	149.9	153.5	158.1	157.2	164.5	165.4	186.3	184.0	177.9
Beach	Seasonal/Part Time Positions	94.0	89.0	88.1	90.6	86.6	95.6	93.5	Prior to 2009 Beach were		
	Season/Part Time FTE	17.3	14.3	13.2	12.4	11.2	14.4	13.8	included in Parks & Recre		
	Full Time FTE	3.0	2.8	2.1	2.5	3.1	3.7	3.1			
	Total FTE	20.2	17.1	15.3	14.9	17.6	18.1	16.9			
Administration	Seasonal/Part Time Positions	1.0	2.0	2.0	3	4.0	4.0	4.0	4.0	3.0	2.0
	Season/Part Time FTE	0.4	0.4	0.3	0.9	1.2	1.2	1.2	1.5	1.5	1.5
	Full Time FTE	20.7	22.6	20.7	20.2	21.2	21.2	21.2	21.0	21.0	21.0
	Total FTE	21.1	23.0	20.9	21.1	22.4	22.4	22.4	22.5	22.5	22.5
Engineering	Seasonal/Part Time Positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Season/Part Time FTE	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1
	Full Time FTE	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.9
	Total FTE	3.1	3.1	3.1	3.1	3.0	3.0	3.0	3.0	3.0	3.0
Fleet	Seasonal/Part Time Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
	Season/Part Time FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
	Full Time FTE	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	6.0
	Total FTE	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.5	6.0
Buildings	Seasonal/Part Time Positions	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Season/Part Time FTE	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
	Full Time FTE	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
	Total FTE	5.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Utilities	Seasonal/Part Time Positions	3.0	3.0	2.0	2.0	1.0	2.0	2.0	20.0	2.0	3.0
	Season/Part Time FTE	1.2	1.0	0.7	0.7	0.0	0.7	0.7	0.7	0.7	1.3
	Full Time FTE	31.2	31.2	30.2	31.2	31.3	31.7	31.7	31.7	30.7	29.7
	Total FTE	32.4	32.2	30.9	31.9	31.3	32.4	32.4	32.4	31.4	30.9
District Wide	Seasonal/Part Time Positions	569.0	552.1	556.5	553.7	561.1	558.1	557.1	548.0	549.0	583.0
	Season/Part Time FTE	130.8	131.0	130.3	131.2	132.2	135.2	135.7	138.2	138.6	133.7
	Full Time FTE	102.8	104.8	104.0	108.5	109.8	116.7	115.9	117.5	114.2	111.0
	Total FTE	233.5	235.8	234.2	239.7	242.0	251.9	251.5	255.7	252.8	244.7

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Program	Unit Measured	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Water	Locations	4,234	4,229	4,223	4,217	4,217	4,216	4,217	4,212	4,204	4,175
Sewer	Locations	4,144	4,139	4,124	4,121	4,118	4,116	4,115	4,109	4,108	4,082
Refuse	Locations	4,162	4,138	4,151	4,149	4,233	4,233	3,671	3,664	3,650	3,677
Championship Course	Rounds played	23,142	23,784	23,744	22,860	20,417	21,841	24,409	25,990	27,536	26,478
Mountain Course	Rounds played	14,983	14,570	13,129	13,556	13,386	15,748	17,820	18,151	20,336	18,840
Beach	Individual visits	172,628	173,963	165,089	165,387	155,671	128,241	159,827	172,296	137,937	129,365
Tennis	Individual visits	14,129	13,337	13,009	14,398	14,080	12,333	14,494	8,381	13,239	14,062
Skier	Individual visits	84,568	93,935	103,397	98,818	131,371	126,867	100,709	127,668	91,056	107,042
Recreation Center	Individual visits	126,799	130,887	125,294	124,356	119,459	125,629	133,153	121,064	109,951	106,357

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Budgeted Facility Fees per parcel, Last Ten Fiscal Years (unaudited)

Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Ski	\$ (27)	\$ (20)	\$ (88)	\$ (35)	\$ 151	\$ 22	\$ 41	\$ 56	\$ 70	\$ 27
Tennis	9	21	6	18	15	19	12	5	22	10
Parks	108	86	102	200	120	131	136	189	103	107
Recreation Center	241	204	241	112	118	106	104	96	96	94
Championship Golf	81	75	87	47	30	38	6	(3)	24	40
Mountain Golf	31	29	40	20	22	21	45	38	-	-
Beaches	100	100	100	115	100	113	155	150	110	100
Youth	21	20	15	25	22	22	19	20	22	14
Seniors	12	19	16	20	23	26	11	2	-	-
Adult Programs	1	1	2	2	3	4	1	-	-	-
Catering	-	(13)	(8)	26	(2)	(6)	(18)	2	-	(18)
Facilities	46	52	35	33	48	33	43	22	51	61
Reserves for Recreation	-	49	75	40	-	-	-	46	46	70
Golf/Tennis/Ski Bonds	85	85	85	85	85	85	85	85	85	85
Ski Lodge Bond	110	110	110	110	110	110	110	-	-	-
Indine Lake Property Purchase	-	-	-	-	-	-	-	-	31	-
Beach Litigation	-	-	-	-	-	-	-	-	30	-
Defensible Space	12	12	12	12	12	12	-	-	-	-
Coverage sales	-	-	-	-	(27)	-	-	-	-	-
Other/Undassified	-	-	-	-	-	-	10	2	-	-
Total	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 736	\$ 760	\$ 710	\$ 690	\$ 590
Total Collected (in 1,000's)	\$ 6,746	\$ 6,742	\$ 6,737	\$ 6,819	\$ 6,850	\$ 5,992	\$ 6,132	\$ 5,764	\$ 5,592	\$ 4,755

Bracketed amounts represent a venue that does collect, but rather puts back an amount per parcel into the total for other venues to use the proceeds for operations.

Coverage sales in 2011 relate to the specific application of proceeds designated to reduce capital costs in Community Service venues.

The Facility Fee can be a resource for operating expenses, debt service or capital purchases. It is set annually by the Board of Trustees.

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Water and Sewer Single Family Base Rates

Last Ten Fiscal Years (unaudited)

Fiscal Year 6/30	Water Monthly Base Rate	Excess Rate Per 1k gallons	Sewer Monthly Base Rate	Excess Rate Per 1k gallons
2015	\$ 28.10	\$ 1.35	\$ 47.95	\$ 2.79
2014	27.03	1.32	41.85	2.68
2013	27.62	1.28	39.31	2.60
2012	27.62	1.28	39.31	2.60
2011	27.89	1.24	37.52	2.50
2010	27.56	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

The District charges an excess-use rate above normal demand Rate changes are considered for implementation May each year. In 2013 they were not effective until July 19, 2013.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Fiscal Year	Residential	Commercial	Total
2015	634	258	892
2014	673	292	965
2013	701	300	1,001
2012	626	312	938
2011	620	239	859
2010	636	253	889
2009	701	298	999
2008	720	312	1,032
2007	721	252	973
2006	705	299	1,004

Source: IVGID Utilities Billing Department

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

COMPLIANCE SECTION



CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

We have audited, 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, 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 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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5441 Kietzke Ln., Ste. 150 | Reno, NV 89511-2094 | T 775.689.9100 | F 775.689.9299 | EOE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, professional style.

Reno, Nevada
December 8, 2015



CPAs & BUSINESS ADVISORS

**Independent Auditor’s Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by OMB Circular A-133**

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

Report on Compliance for Each Major Federal Program

We have audited Incline Village General Improvement District’s (the District) 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 the District’s major federal program for the year ended June 30, 2015. The District’s major federal program is identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

The District’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the District’s major federal program based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the District’s compliance.

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
December 8, 2015

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Project/Pass- Through Grantor's Number	Expenditures
<u>Department of Defense</u>			
Direct Programs			
Section 108 of Division C of the Consolidated Appropriations Act of 2005 Public law 108-447	12.Unknown	N/A	<u>\$ 172,045</u>
Total Department of Defense Direct Programs			172,045
<u>Department of Agriculture</u>			
Pass through South Tahoe Public Utility District			
Cooperative Forestry Assistance Act of 1978 Public Law 95-313, as amended	10.664	11-DG-11052012-038 12-DG-11052012-163	<u>330,052 *</u>
Total Expenditures of Federal Awards			<u><u>\$ 502,097</u></u>

* - Major Program

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards presents the expenditure activity of all federal awards programs of Incline Village General Improvement District, (“the District”), for the year ended June 30, 2015. The District’s reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

BASIS OF ACCOUNTING:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Grantor agencies can offset awards with charged back costs. These represent a reduction of the recognized capital grants.

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

Expenditures of federal awards have been included in the individual funds of the District as follows:

Business Type Activities:

Major Business Type Funds:

Utility Fund

Department of Agriculture \$330,052

Community Services Fund

Department of Defense \$172,045

Total Business Type Activities

\$502,097

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No
Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Cooperative Forestry Assistance Act of 1978	10.664
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

None reported in the current year.

Section III – Federal Award Findings and Questioned Costs

None reported in the current year.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Prior Audit Findings

There were no prior year audit findings.

Corrective Action Plan

A corrective action plan is not necessary as there are no prior year audit findings.



Auditor's Comments

To the Board of Trustees
Incline Village General Improvement District
Incline Village, Nevada

In connection with our audit of 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 (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

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

Progress on Prior Year Statute Compliance

The District reported no instances of noncompliance with significant constraints on its financial administration during the year ended June 30, 2014.

Prior Year Recommendations

See the Summary Schedule of Prior Year Findings Questioned Costs on page 85.

Current Year Recommendations

Our recommendations for the current year are included in the Schedule of Findings and Questioned Costs on page 84.

A handwritten signature in cursive script that reads "EideBailly LLP".

Reno, Nevada
December 8, 2015

www.eidebailly.com

5441 Kietzke Ln., Ste. 150 | Reno, NV 89511-2094 | T 775.689.9100 | F 775.689.9299 | EOE



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT



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

893 Southwood Blvd., Incline Village, NV 89451
(775) 832-1100
www.YourTahoePlace.com



INCLINE VILLAGE, NEVADA