



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY: DEPARTMENT OF FINANCE & ACCOUNTING



GREETINGS!

The following pages comprise the Incline Village General Improvement District (IVGID) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018. 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 remains adequate while our net investment in capital assets has increased to \$117.3 million.
- Our 2018 expenses have increased entirely due to meeting service levels for our venues, while remaining on average an increase of 2 percent per year.
- Our utility revenues have increased 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 recreation user fees have been otherwise stable.
- Our governmental revenues (property tax and combined taxes) are no longer subject to litigation refunds and have been steady to increasing over the entire period.
- Our bonded indebtedness has dropped from \$1546 to \$767 per capita.
- Our total recreation fee cost to the property owners has remained flat over the entire period.

Current Conditions:

- Our unrestricted net position of \$28 million is 400% greater than our total outstanding indebtedness of \$7 million.
- Since 2008, our outstanding indebtedness has dropped from a high of \$27.2 million to \$7 million.
- Our outstanding indebtedness is only .8% of our statutory debt capacity.
- Our ratio of debt service to total expenditures has dropped to 5.4%.

Conclusion

Despite this track record of exceptional financial performance, we refuse to rest on our performance so far. 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 our dedicated management 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



November 30, 2018

**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) hereby submits our Comprehensive Annual Financial Report (the Report) for the year ended June 30, 2018. 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, the investment community, and general public. The data presented is designed to help 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, 2018, 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 evaluating 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, 2018, are fairly presented in conformity with GAAP. The unmodified 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 that overview. 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. In accordance with the enabling legislation, the District provides 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 programming. The District serves approximately 4,200 water/sewer customers, accommodates over 100,000 skiers, 35,000 golfers, and 170,000 beach users, and oversees a variety of other activities including over 120,000 visits to the Recreation Center annually.

IVGID's Vision Statement

With passion for quality of life and our environment, Incline Village General Improvement District will enhance the reputation of our community as an exceptional place to live, work, invest, and play.

IVGID's Mission Statement

Incline Village General Improvement District delivers exemplary recreational experiences and provides the highest level of water, sewer, and solid waste services while striving for fiscal and environmental sustainability.

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

The District adopted a Strategic Plan for July 1, 2015 through June 30, 2018. Part of the plan includes six Long Range Principles. Under the direction of the Board of Trustees and the leadership of the District General Manager, the Principles align our activities to the strategy of the District. Each Principle addresses objectives over the two years of the Plan, as well as annual budget initiatives.

RESOURCES AND ENVIRONMENT – Initiating and maintaining effective practices of environmental sustainability for a healthy environment, a strong community and a lasting legacy.

- Review and upgrade District policies and practices to encourage or require waste reduction, recycling and environmentally preferable purchasing.
- Develop sustainability measures, goals and metrics to create and/or maintain a sustainable District.
- Provide the community with environmental education and technical services on watershed protection, water conservation, pollution prevention, recycling and waste reduction.

FINANCE – The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, and capital improvement and debt management.

- Adhere to Government Generally Accepted Accounting Principles.
- Comply with State and Federal regulations.
- Maintain Performance Measurement.
- Report results and demonstrate value.
- Develop and maintain a long term plan to sustain financial resources.

WORKFORCE – Attract, maintain and retain a highly qualified, motivated and productive workforce to meet the needs of District venues.

- Staff will evaluate open position job descriptions, for need to fill, level of and related compensation for the position.
- Re-evaluate, during the budget process, the optimum level of Staff and related total compensation, necessary to each department based on industry standard and level of service.
- Comply with State and Federal regulations.
- Continue to provide a safe environment and continue to strive for low worker's compensation incidents.
- Identify individuals for retention and growth for management succession within the District.

SERVICE – The District will provide superior quality service and value to its customers considering responsible use of District resources and assets.

- Provide well defined customer centric service levels consistent with community expectations.
- Apply Performance Management to meet or exceed established venue customer service levels.
- Utilize best practice standards for delivery of services.

- Commit to evaluate customer loyalty/satisfaction to demonstrate the value of results.
- Maintaining customer service training for new, returning and existing employees.

ASSETS AND INFRASTRUCTURE – The District will practice perpetual asset renewal, replacement and improvement to provide safe and superior long term utility services and recreation activities.

- Maintain, renew, expand and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.
- Maintain, procure and construct District assets to ensure safe and accessible operations for the public and the District’s workforce.
- Maintain current Community Service and Public Works master plans.
- Maintain a 5-Year and 20-Year capital improvement plan.
- Conduct planning and design, in advance of undertaking projects or procurement, to ensure new District assets meet operational requirements and enhance the customer experience.
- Maintain an asset management program leveraging technology, as appropriate by venue/division, to ensure timely and efficient asset maintenance.
- Comply with regulatory requirements and industry standards.

COMMUNICATION – The District will engage, interact and educate to promote understanding of the programs, activities, services, and ongoing affairs.

- Promote transparency in all areas including finance, operations and public meetings.
- Provide clear, concise and timely information in multiple, publicly accessible formats.
- Ensure that both internal and external communication is responsive, comprehensive and inclusive.

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. Upon being elected, the trustees assume office on January 1 or the first board meeting of the year. The District has benefited from longevity and management experience. The Senior Management Team is led by District General Manager Steven J. Pinkerton. The District has made a commitment to developing strategy that leads to results. It has also continued a commitment for sustainability in financing for capital assets. The District has made many capital investments out of current resources, along with paying off bonds utilized to finance improvements. The Facility Fee, which is charged by parcel, is a significant source for both capital expenditure and debt service for the Community Services and the Beach activities. This fee has been at the same total for the eight years, but has transitioned more for capital improvement and less for debt service. 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, 2017, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the budget and Facility Fees were held on May 24, 2017. On or before June 1, 2017, the Board adopted final budget for the year ended June 30, 2018 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 the Community Services Special Revenue to reflect higher than expected activity for the ski resort 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 District Strategic Plan and its Long Range Principles. That direction provides initiatives for each budget year. For the year ending June 30, 2018 emphasis continues on developing performance measures, stabilizing planning for capital improvements, and enhancing communication at many levels. It also marks the completion of the first plan under our General Manager which ran from 2015 to 2018. An updated Strategic Plan has been adopted for 2018-2020.

Performance measurement through Fund Accounting Governmental Fund Accounting demonstrates sources and uses through budgeting and reporting. The District's parcel owners pay a facility fee that is dedicated to operational, capital improvement and debt service by functions or activities. By using the Special Revenue, Capital Projects and Debt Service Fund Types; the District can demonstrate and communicate the relationship of the facility fee paid to how it was used for these very different types of transactions. Many of the District's service venues require substantial capital investment and improvements. Operating statements alone do not represent the true scope of activity to make services available. This accounting not only provides a record of accomplishment, but allows for focused planning to meet the strategic objectives of sustainability and capital maintenance.

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 cost at least \$15,000,000. This replacement will be paid for by rate increases over a period of years, rather than debt. Sewer Rates have been increased for several years to accumulate more resources for this project. Water rates are set to strictly pay for what you use as a cost of service. The latest rate increase went into effect in May 2018. Results of the Utility operations exceed budget. The resources intended for the long term portion of the effluent project, have been invested.

Holding the combined Recreation and Beach Facility Fee at \$830 The fiscal year 2017-18 marks the eighth year in which the combined fee totaled \$830. The facility fee revenue was realized as planned.

Minimizing the year to year changes in the Facility Fee to support capital expenditures Fiscal year 2017-18 also marks the eighth year for what has become known as "smoothing". This is an initiative integrated with the 5-year capital plan, to schedule projects in a way to provide reasonably level amounts for capital expenditure thus avoiding increases in the total Facility Fee 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. Following the maturity of bond issues, resources for debt service were directed toward capital improvement. Results of operations for 2017-18 in the Community Services Special Revenue Fund were over budget. The Community Services Special Revenue fund balance continues to be evaluated and is expected to be used for several major capital projects that have been identified for completion in the next three years.

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 2018 indicates the combined room occupancy rate is up 2.6% 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 future events. It is anticipated they will 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 2018. The median housing value at June 30, 2018 for single family residence and condo sales for Incline Village and Crystal Bay are \$1,197,500 and \$557,500, respectfully, representing a 14% decrease on residence and a 30% increase on condos over last year. For the entire Washoe County the values were \$387,000 and \$244,900 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 2018 unemployment rate of 3.5% and is slightly under the State at 4.7% and is below the national level at 4%.

Lake Tahoe is known as one of the most beautiful regions in the world and as the 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. For the fiscal year 2017-2018 the abatement was \$380,953, based on State of Nevada Department of Taxation formulas. The pre-abated Ad Valorem levy was \$1,918,003.

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 and Washoe County District Court to decide if another round of refunds should be ordered. A decision has not been reached, nor is the outcome and possible affected determinable as of June 30, 2018.

Budget augmentation, application of budget contingency and other budget reconciliations

The District approves a budget for each fiscal year by completing Form 4404LGF as prescribed by the State of Nevada Department of Taxation Local Government Finance. Preparation of this form set includes prescribed account titles and allowable levels of detail. This form set in essence creates a Budgetary Basis accounting and presentation. To provide adequate financial planning, the District's approach to the budget includes an evaluation in more detail of the flow of resources for both governmental and business-type activities. This results in the District budgeting for capital expenditure and debt service in the enterprise funds, similar to governmental type funds. The District has presented additional schedules to reconcile basic financial statement presentations with information included in Form 4404LGF for the fiscal year ending June 30, 2018.

The District has leased its two golf cart fleets for a number of years. The 80 cart fleet for the Championship Course was replaced ahead of the 2017 season. The Board of Trustees voted to buy the fleet outright, when it had been budgeted to be leased. This required an augmentation in March 2017 to utilize fund balance. The Community Services Special Revenue and Capital Projects Funds were amended for the \$448,000 expenditure.

As a result of a late season surge in visits at the ski resort, the District's skier visits far exceed budget. A budget augmentation was adopted June 13 which increased Community Service Special Revenue Fund revenues by \$850,000 and expenditures by \$370,000. This augmentation was largely focused on setting expenditures at a proper level to be in compliance with Nevada Revised Statutes.

The District budgeted contingency in the General and Special Revenue Funds. None of the contingency was used for 2017-18.

The same record snow conditions that helped the results at the 2016-2017 ski resort also caused additional maintenance costs for many other venues to recover from the 2016-17 winter which is being called snowmageddon. These conditions continued to have consequences into the 2017-18 fiscal year by added costs to the culvert capital improvement project.

The District has been engaged in a lawsuit for over five years that received a final order, which was then appealed. Legal costs of the appeal were not budgeted. The majority of those costs were incurred in prior fiscal years.

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, 2017. This was the eighteenth 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
Incline Village General Improvement District



INCLINE VILLAGE AND CRYSTAL BAY COMMUNITIES

IVGID BOARD OF TRUSTEES

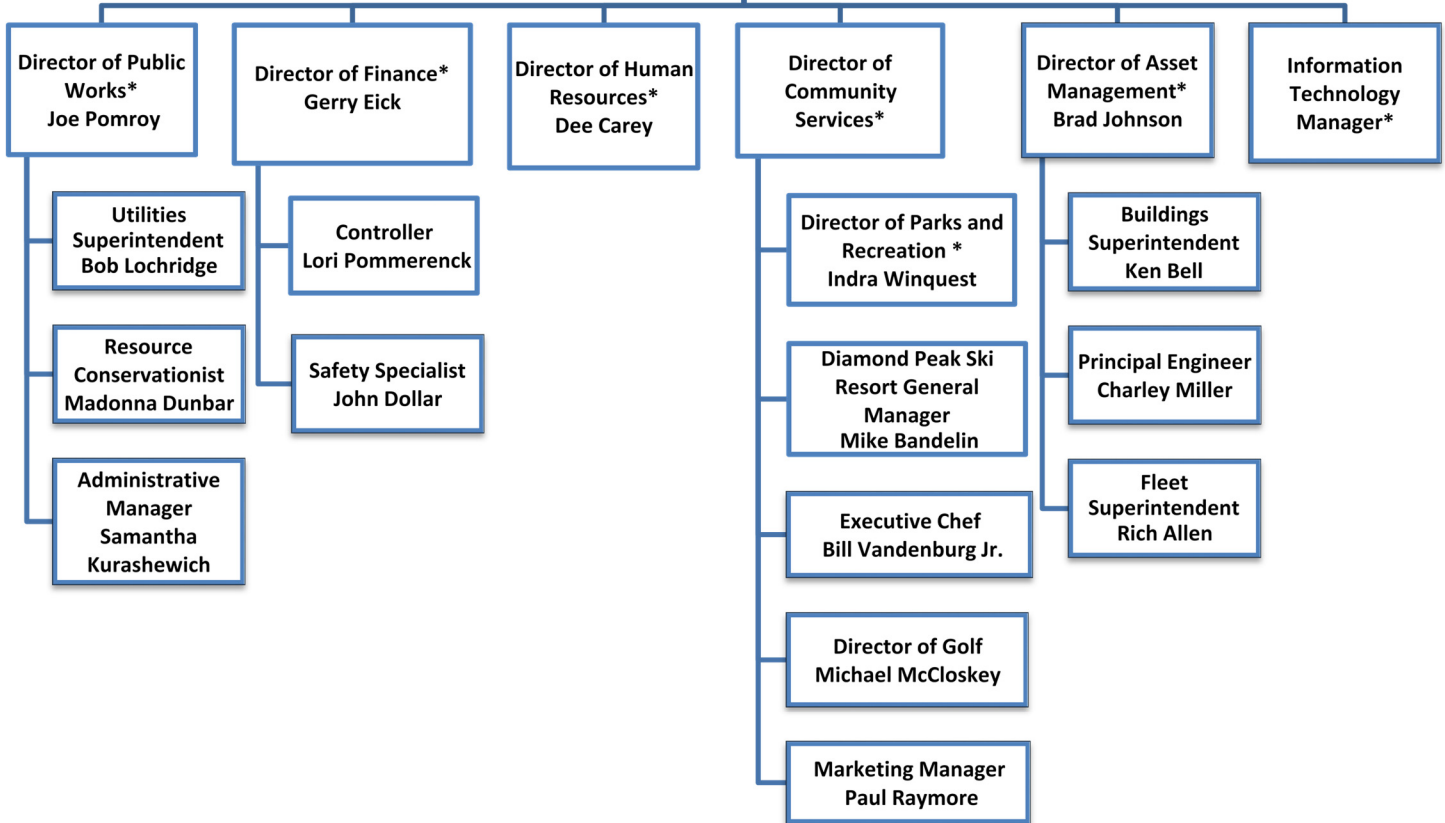
Tim Callicrate Matthew Dent Kendra Wong Peter Morris Phil Horan
 Term Expires 2018 Term Expires 2020 Term Expires 2018 Term Expires 2020 Term Expires 2020

General Manager*
Steven J. Pinkerton

District General Counsel*
 (Contract Position)

Executive Assistant/District Clerk *
 Susan Herron

Communications Coordinator
 Misty Moga



* Members of the Senior Team

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, 2017

Christopher P. Morrell

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, 2017

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



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, 2018, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

What inspires you, inspires us. Let's talk. | eidebailly.com

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Community Services Special Revenue Fund, and Beach Special Revenue 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 pages 12 through 20 and the schedule of employer required contributions on page 56, 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund 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 individual fund schedules including budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules including budgetary comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Sully LLP

Reno, Nevada
November 30, 2018

Incline Village General Improvement District Management's Discussion and Analysis For the Fiscal Year ended June 30, 2018

As management of the Incline Village General Improvement District (District), we offer readers of the District's financial statements this narrative and analysis of the financial activities of the Incline Village General Improvement District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction 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 had a late season surge in visits that resulted in additional revenue and costs to require a budget augmentation. A normal golf season allowed both courses to work on programming and the use of dynamic pricing to improve their revenue realization. The Championship golf course experienced an increase in food and beverage activities more so than golf rounds. The beach season had above average attendance. The Utility services had an average year for their flows. Overall the District still maintains a healthy financial condition for liquidity, operations and capital management. The District continues to meet its financial obligations and provide services to the community at large. Maintaining the care and condition of infrastructure is a high priority for all venues. The Utility Fund continues to build resources for a future Effluent Pipeline Project, while executing the preliminary study and design.

June 30, 2018 Fiscal Year Highlights Based on Government-wide Financial Statements:

- The assets of the District exceeded its liabilities, at the close of the most recent fiscal year, by \$146 million (net position). Of this amount, \$28 million (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's net position increased \$5.4 million. A significant portion will serve to provide resources for future capital projects.
- The General Fund's ending fund balance is at \$2.5 million.
- The governmental activities included depreciation of \$3.3 million while making investments in capital assets of \$4.2 million.
- The District retired \$1.7 million in bond principal during the year. This included the maturity of the 2008 Medium Term Recreation Bond.

Overview of the Basic 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, 2018
(continued)**

Both of the government-wide financial statements (*Net Position* and *Statement of Activities*) distinguish functions of the District that are principally supported by taxes, intergovernmental revenue and charges for services (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost(s) through user fees and charges (*business-type activities*). The governmental activity of the District includes the administration by the General Fund, recreation and internal service activities. The business-type activities of the District include utility activities that reflect enterprise operations where a fee for service typically covers all or most of the costs of operations including depreciation and debt service.

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, the governmental fund financial statement focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains multiple governmental funds. Information is presented separately in the governmental fund financial statements for the General Fund, Community Services Special Revenue, Capital Projects and Debt Services Funds, and the Beach Special Revenue, Capital Projects and Debt Service Funds.

The District adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Funds to demonstrate compliance with these budgets. For the other governmental funds similar comparisons are provided elsewhere in the report.

Proprietary funds. The District operates two types of proprietary funds. *Enterprise funds* are used to report the same functions presented in business-type activities in the government-wide statements. The District uses enterprise funds to account for its Utility Fund. *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 maintenance of its fleet of vehicles, buildings maintenance, and engineering functions. The District internal services fund also accounts for the Workers Compensation function. Each department pays for coverage based on its payroll costs. Workers Compensation serves the entire District and uses these charges, rather than costs being allocated by department. The Internal Service Fund is classified as governmental-type activities in the government-wide statement since the governmental funds are the most substantial users of these 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 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 and terminology. The District has prepared a schedule for its Multi-Employer Retirement Plans. 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, 2018
(continued)**

Governmental-wide Financial Analysis

Net position is a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$146 million at June 30, 2018. The largest portion of net position (80%) 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	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other assets	\$ 13,170,824	\$ 11,263,386	\$ 8,435,236	\$ 10,028,628	\$ 21,606,060	\$ 21,292,014
Long Term and Net capital assets	64,267,411	63,665,605	73,258,166	69,722,084	137,525,577	133,387,689
Total Assets	77,438,235	74,928,991	81,693,402	79,750,712	159,131,637	154,679,703
Liabilities						
Current liabilities	4,631,434	5,240,470	2,306,442	1,973,031	6,937,876	7,213,501
Long-term liabilities	1,491,016	1,854,347	4,608,926	5,118,604	6,099,942	6,972,951
Total Liabilities	6,122,450	7,094,817	6,915,368	7,091,635	13,037,818	14,186,452
Deferred Inflows of Resources						
Deferred inflows	242,019	36,218	-	-	242,019	36,218
Net Position						
Net investment in capital assets	52,880,021	50,729,901	64,377,397	59,817,845	117,257,418	110,547,746
Restricted	183,037	180,564	309,344	305,022	492,381	485,586
Unrestricted	18,010,708	16,887,491	10,091,293	12,536,210	28,102,001	29,423,701
Total Net Position	\$ 71,073,766	\$ 67,797,956	\$ 74,778,034	\$ 72,659,077	\$ 145,851,800	\$ 140,457,033

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 20,278,250	\$ 22,177,127	\$ 11,925,557	\$ 11,813,169	\$ 32,203,807	\$ 33,990,296
Operating grants	17,000	18,440	-	-	17,000	18,440
Capital grants and contributions	558,128	113,615	199,934	425,509	758,062	539,124
General Revenues:						
Ad valorem tax	1,546,575	1,476,148	-	-	1,546,575	1,476,148
Consolidated tax	1,637,250	1,484,830	-	-	1,637,250	1,484,830
Facility Fees	6,771,522	6,749,251	-	-	6,771,522	6,749,251
Unrestricted investment earnings	175,122	83,842	77,280	60,132	252,402	143,974
Other	190,578	310,429	50,020	17,730	240,598	328,159
Total Revenues	31,174,425	32,413,682	12,252,791	12,316,540	43,427,216	44,730,222
Expenses						
General Government	3,828,917	3,814,458	-	-	3,828,917	3,814,458
Internal Services	3,056,400	3,107,668	-	-	3,056,400	3,107,668
Utility	-	-	10,253,834	9,883,961	10,253,834	9,883,961
Community Services	19,043,639	18,599,633	-	-	19,043,639	18,599,633
Beach	1,849,659	1,802,103	-	-	1,849,659	1,802,103
Total Expenses	27,778,615	27,323,862	10,253,834	9,883,961	38,032,449	37,207,823
Tansfers In (Out)	(120,000)	-	120,000	-	-	-
Changes in Net Position	3,275,810	5,089,820	2,118,957	2,432,579	5,394,767	7,522,399
Beginning Net Position	67,797,956	62,708,136	72,659,077	70,226,498	140,457,033	132,934,634
Ending Net Position	\$ 71,073,766	\$ 67,797,956	\$ 74,778,034	\$ 72,659,077	\$ 145,851,800	\$ 140,457,033

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2018
(continued)**

Governmental activities increased the Districts' net position by \$3,275,810. The majority of this increase is attributed to an excellent operating season for the District's ski resort.

Total governmental activity revenue overall decreased year-on-year in the area of charges for services. The record year in 2017 for the ski resort was not expected to be repeated. Sales and consolidated taxes, mostly comprised of business and vehicle tax, and 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, 2017 that abatement has a value of \$380,953 as a reduction of otherwise eligible ad valorem taxes for the current fiscal year. The decrease in Charges for Services is attributed to the ski resort and while we continue to see increases for banquets and events at the Championship Golf Course.

The District ski resort budgets its operations on 110,000 skier visits. For 2017-18 the resort had 120,847 visits. The added usage resulted in revenue exceeding the original budget by over \$887,000. Though some expenses also increased by \$323,000, many costs are fixed and the resulting increased results flows to fund balance. By comparison, the Community Services Special Revenue Fund for 2017 was about \$3.8 million in revenue over budget for the ski resort operations alone, from 160,613 skier visits.

Incline Village General Improvement District Governmental Activities Revenues

	2018		2017	
Property taxes	\$ 1,546,575	5%	\$ 1,476,148	5%
Combined taxes	1,637,250	5%	1,484,830	5%
Charges for Services -Community Service:	14,726,788	47%	16,820,165	52%
Charges for Services - Beach	1,266,613	4%	1,065,015	3%
Charges for Services - Internal Services	4,284,849	14%	4,291,947	13%
Facility Fees - Community Services	5,799,206	19%	5,973,914	18%
Facility Fees- Beach	972,316	3%	775,337	2%
Operating Grants	17,000	0%	18,440	0%
Capital Grants	558,128	1%	113,615	1%

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 recreation and beach privileges and is collected by Washoe County Assessor's office through the real property quarterly billing process. For 2017-18 the District assessed \$5,776,770 in recreation facility fees and \$969,500 in beach facility fees. The shift to the Beach Fund was to provide more resources for future capital expenditure.

IVGID Facility Fees

<u>Fiscal Year</u>	<u>Per Eligible Parcel</u>		<u>Total Assessment Roll</u>		<u>District Assessed</u>
	<u>Beach</u>	<u>Community Services</u>	<u>Beach</u>	<u>Community Services</u>	<u>Recreation Facility</u>
2017-18	\$ 125	\$ 705	\$969,500	\$ 5,776,770	\$6,746,270
2016-17	100	730	774,400	5,972,860	6,747,260
2015-16	100	730	774,300	5,972,130	6,746,430
2014-15	100	730	774,300	5,971,400	6,745,700
2013-14	100	730	773,800	5,967,750	6,741,550

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2018
(continued)**

Total governmental activities include the General Fund which provide District wide administration, Internal Services, and Recreation and Beach programming, capital projects and debt service. Expenditures in the General Fund increased year on year primarily related to Information Technology and Human Resources while Accounting was reduced from less staff. Internal services decreased reflecting higher service levels while having a reduced cost in Work Comp because of claim liability changes. Recreation and Beach programming reflect higher costs based on similar increase in service demand, while also increasing wages to hourly staff.

**Incline Village General Improvement District
Governmental Activities Functional Expenses**

	<u>2018</u>	<u>2017</u>
Manager	\$ 355,012	\$ 348,022
Trustees	176,450	168,718
Accounting	833,348	933,328
Information Services	820,658	689,500
Risk Management	127,032	128,644
Human Resources	597,875	527,667
Health & Wellness	24,594	22,966
Community & Employee Relations	188,682	233,073
Administration	462,552	551,749
Depreciation	242,714	210,791
Total General Government	<u>\$ 3,828,917</u>	<u>\$ 3,814,458</u>
Fleet	1,045,987	1,063,578
Engineering	751,111	767,712
Buildings Maintenance	909,796	880,746
Works Compensation	349,506	395,632
Total Internal Services	<u>\$ 3,056,400</u>	<u>\$ 3,107,668</u>
Championship Golf	\$ 4,724,811	\$ 4,633,645
Mountain Golf	1,165,185	1,002,359
Facilities	626,149	660,214
Ski	8,230,147	8,010,232
Recreation and Community Programming	2,564,677	2,547,383
Parks	1,063,374	1,062,086
Tennis	281,020	312,779
Recreation Administration	388,276	370,935
Total Community Services	<u>\$ 19,043,639</u>	<u>\$ 18,599,633</u>
Total Beach	<u>\$ 1,849,659</u>	<u>\$ 1,802,103</u>

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2018
(continued)**

Business-type activities: Business-type activities increased their net position by \$2,118,957, including \$199,934 in Capital Grants. This is less than the prior year's \$2,432,579 for the same activity, with \$425,509 in Capital Grants. The Utility Fund has little fluctuation from year to year in its units of service. The Utility Fund received \$120,000 from the Internal Service Fund for a change in the Work Comp claims liability. It continues to build added resources for a major capital project on the effluent pipeline. Capital expenditures were \$7,037,423 while depreciation expense was \$2,973,632. Principal reduction on bonds was \$495,761.

Financial Analysis at the Fund Level

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 of \$2,298,079 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 \$2,522,786, with \$224,707 non-spendable.

The District's recreational programming is conducted under two activities; they are Community Services and Beach. As a result of a deed restriction, a distinct constituency is served by the Beach fund and thus its inflows and outflows are measured separately to demonstrate compliance. The Community Services Special Revenue Fund Balance increased to \$10,645,469. This includes the \$645,000 received from the Internal Service Fund for discontinued Work Comp self-insured claims liabilities. The Beach Special Revenue Fund Balance increased to \$1,413,091 including \$35,000 from the Internal Services Fund also for the change in Work Comp claims liability.

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 Budgetary Highlights

General Fund functional expenditures performed better to budget by \$506,604. Savings occurred in Information Services because of staff vacancies, in communications because of reduced contract services than planned, and in capital expenditure by cancelling a \$100,000 system upgrade. General Fund actual expenditures has increased slightly over the prior year.

Community Services Special Revenue Budgetary Highlights

Community Services cover a variety of venues. After several years of weather challenges the ski resort experienced record levels in consecutive years for attendance and revenue in 2016 and 2017. 2018 was budgeted to be average but did experience a late season surge to be over budget. This resulted in over \$887,000 in additional revenue while only incurring just over \$323,000 in additional costs. Our golf courses saw a stable level of play and our banquets and events grew by over \$50,000. The Parks and Recreation venues saw stable use. A substantial schedule of capital projects were begun during the year. Of that, over \$2,346,000 will have to be carried over, and is reflected in Fund Balance.

Beach Budgetary Highlights

The District's beach venues saw stable levels of use. The water levels on Lake Tahoe have also remained stable. The Beach is independent of other operations and has sought to increase its resources for capital projects. The Beach Study identified a number of possibilities. More definitively is an upcoming repair to a pool.

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 and Internal Services.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2018
(continued)**

Utility Budgetary Highlights

The net assets for the Utility Fund increased \$2,118,957 for the year. Utilities increased rates about 3% to cover its costs of service and to continue to facilitate building resources for the effluent pipeline replacement project.

The Utility Fund saw a year on year increase in expenses mainly for personnel.

Internal Services Budgetary Highlights

Internal Services had a balance of charges and costs, however each was increased over the prior year with additional personnel in both Fleet and Engineering. Workers Comp decreased because of the effects of entering into a Loss Transfer and Assumption agreement which allowed the District to liquidate its claims liability from past years when it was under a self-insured program for \$98,000 less. However, that action allowed for the fund to release its retention reserve. Therefore \$800,000 was returned as excess resources to the operating funds which had paid in to the program over a period of years from 1992 to 2013. Another \$300,000 is budgeted to be returned in the next fiscal year. Readers may refer to Note 20 for more details on the changes to the Work Comp Loss Transfer and Assumption Agreement.

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, 2018 amounts to \$124,217,038 (net of accumulated depreciation). 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 Note 4 to the financial statements.

Incline Village General Improvement District Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land - Governmental Activities	\$ 16,971,753	\$ 16,904,036	\$ -	\$ -	\$ 16,971,753	\$ 16,904,036
Construction in Progress - Governmental Activities	2,755,328	1,841,242	-	-	2,755,328	1,841,242
Land - Utility Activities	-	-	6,715,544	6,715,543	6,715,544	6,715,543
Construction in Progress - Utility Activities	-	-	4,151,041	4,519,884	4,151,041	4,519,884
Buildings and Improvements	846,899	846,899	-	-	846,899	846,899
Equipment and Vehicles	1,591,187	1,501,075	-	-	1,591,187	1,501,075
Internal services equipment furniture and fixtures	263,912	246,777	-	-	263,912	246,777
Utility service infrastructure	-	-	108,626,081	105,000,108	108,626,081	105,000,108
Utility buildings and improvements	-	-	15,166,010	11,900,859	15,166,010	11,900,859
Utility equipment, furniture and fixtures	-	-	3,721,984	3,483,937	3,721,984	3,483,937
Community services buildings and improvements	58,884,392	57,644,669	-	-	58,884,392	57,644,669
Community services equipment, furniture and fixtures	11,613,546	10,637,543	-	-	11,613,546	10,637,543
Beach buildings and improvements	4,861,698	4,722,020	-	-	4,861,698	4,722,020
Beach equipment, furniture and fixtures	510,786	472,861	-	-	510,786	472,861
Total Cost	98,299,501	94,817,122	138,380,660	131,620,331	236,680,161	226,437,453
Accumulated Depreciation	(43,578,464)	(41,045,874)	(68,884,659)	(66,188,122)	(112,463,123)	(107,233,996)
Capital Assets, Net	\$ 54,721,037	\$ 53,771,248	\$ 69,496,001	\$ 65,432,209	\$ 124,217,038	\$ 119,203,457

The major capital asset events during the fiscal year was completion of an Equipment Storage Building, continuing pre-design efforts for the effluent pipeline, and culvert repairs.

Long-term debt: At the end of the current fiscal year, the District had total bonded debt outstanding of \$6,966,604. Of that amount, \$5,620,116 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, \$1,346,488 represents bonds secured solely by specified utility revenue sources. The 2008 Recreation Bond matured June 2018.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2018
(continued)**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Ending Balance</u>
Governmental Type Activities:				
Bonds Payable;				
Recreation Revenue Supported	\$ 3,035,000	\$ -	\$ 1,187,000	\$ 1,848,000
Business Type Activities:				
Bonds Payable;				
Utility Revenue Supported	5,614,365	-	495,761	5,118,604
Total	\$ 8,649,365	\$ -	\$ 1,682,761	\$ 6,966,604

Readers desiring more information, with respect to the District's debt, should see Note 8 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.

Economic Factors and Next Year's Budgets and Rates

- The District's primary revenue sources are from service charges from users. These come mostly in two forms as amounts charged at the point of service delivery and a standby charge paid by parcel owners to support the availability of services. The standby charge, also known as the Facility Fee, is determined annually by venue to support its operations, capital expenditure and debt service. The District has adopted a multi-year Strategic Planning process. Along with that, we continue to look at capital expenditure and debt service planning, five to twenty years ahead.
- Weather impacts demand for golf and ski and, to a much smaller extent, water and sewer charges based on the choice of residents and visitors to spending time in our community. The several years of drought have affected the beach and ski resort. With a more normal weather pattern, we look forward to less fluctuation year to year. A major initiative is to look at summer usage of the ski resort. A regulatory review of those possibilities has begun. The general economy and discretionary spending has been considered during the budget process. Anticipated user levels are revisited each year to assess probable 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 2010-17 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 replacement project for several miles of our effluent pipeline. The design of that project is ongoing and the major construction is expected between 2017 and 2020.
- 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.

**Incline Village General Improvement District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2018
(continued)**

- Personnel cost comprised 38% of annual expenditures. The 2017-18 budgeted for base wages and salaries, and benefits to increase including a 3% wage increase, and 10% for health benefits rates and to those covered and increased staffing for increased service levels.
- In these economic times employee retention is a key to the success of the District. The District continues to seek a balance of market forces and its economic realities with the benefits of longevity and employee institutional knowledge. Though many employees are part time we strive to have them move from venue to venue or season to season.

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

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

BASIC FINANCIALS

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,637,857	\$ 2,770,355	\$ 6,408,212
Short term investments	7,229,953	3,994,061	11,224,014
Receivables:			
Accounts receivable, net	73,017	1,189,596	1,262,613
Interest on investments	53,847	26,111	79,958
Taxes and Fees from Washoe County	52,411	-	52,411
Grant receivable	412,483	127,668	540,151
Due from other governments	471,945	-	471,945
Inventories and supplies	622,240	155,982	778,222
Prepaid items	617,071	171,463	788,534
Long term investments	9,121,318	3,452,821	12,574,139
Restricted assets:			
Temporarily restricted investments	425,056	309,344	734,400
Capital assets:			
Land	16,971,753	6,715,544	23,687,297
Construction in progress	2,755,328	4,151,041	6,906,369
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	34,993,956	58,629,416	93,623,372
Total assets	77,438,235	81,693,402	159,131,637
LIABILITIES			
Accounts payable	1,009,483	861,273	1,870,756
Accrued personnel costs	1,470,185	323,481	1,793,666
Accrued interest payable	13,859	68,492	82,351
Due to other governments	69,504	-	69,504
Unearned revenue	1,718,403	543,518	2,261,921
Noncurrent liabilities:			
Due within one year	350,000	509,678	859,678
Due in more than one year	1,491,016	4,608,926	6,099,942
Total liabilities	6,122,450	6,915,368	13,037,818
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow	242,019	-	242,019
NET POSITION			
Net investment in capital assets	52,880,021	64,377,397	117,257,418
Restricted Investments by Third Party Agreement	183,037	309,344	492,381
Unrestricted	18,010,708	10,091,293	28,102,001
Total net position	\$ 71,073,766	\$ 74,778,034	\$ 145,851,800

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 3,828,917	\$ 1,094,000	\$ -	\$ -	\$ (2,734,917)	\$ -	\$ (2,734,917)
Community Services	19,043,639	14,726,788	17,000	558,128	(3,741,723)	-	(3,741,723)
Beach	1,849,659	1,266,613	-	-	(583,046)	-	(583,046)
Internal Services	3,056,400	3,190,849	-	-	134,449	-	134,449
Total governmental-type activities	<u>27,778,615</u>	<u>20,278,250</u>	<u>17,000</u>	<u>558,128</u>	<u>(6,925,237)</u>	<u>-</u>	<u>(6,925,237)</u>
Business-type activities:							
Utilities	10,253,834	11,925,557	-	199,934	-	1,871,657	1,871,657
Total primary government	<u>\$ 38,032,449</u>	<u>\$ 32,203,807</u>	<u>\$ 17,000</u>	<u>\$ 758,062</u>	<u>(6,925,237)</u>	<u>1,871,657</u>	<u>(5,053,580)</u>
General revenues:							
Property taxes					1,546,575	-	1,546,575
Combined taxes					1,637,250	-	1,637,250
Facility Fees					6,771,522	-	6,771,522
Unrestricted investment earnings					175,122	77,280	252,402
Gain (loss) on sale of capital assets					79,083	50,020	129,103
Miscellaneous revenues					111,495	-	111,495
Transfers In (Out)					(120,000)	120,000	-
Total general revenues and transfers					<u>10,201,047</u>	<u>247,300</u>	<u>10,448,347</u>
Changes in net position					<u>3,275,810</u>	<u>2,118,957</u>	<u>5,394,767</u>
Net position - beginning					<u>67,797,956</u>	<u>72,659,077</u>	<u>140,457,033</u>
Net position - ending					<u>\$ 71,073,766</u>	<u>\$ 74,778,034</u>	<u>\$ 145,851,800</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, 2018**

	<u>GENERAL</u>	<u>COMMUNITY SERVICES SPECIAL REV.</u>	<u>BEACH SPECIAL REVENUE</u>	<u>COMMUNITY SERVICES CAP. PROJECTS</u>	<u>BEACH CAPITAL PROJECTS</u>	<u>COMMUNITY SERVICES DEBT SERV.</u>	<u>BEACH DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS								
Cash, cash equivalents and investments	\$ 3,174,585	\$ 11,689,289	\$ 1,539,550	\$ 2,610,032	\$ 101,701	\$ 51,553	\$ 4,606	\$ 19,171,316
Accounts receivable, net	-	73,017	-	-	-	-	-	73,017
Interest receivable on investments	19,962	32,107	1,778	-	-	-	-	53,847
Grants receivable	-	1,417	-	411,066	-	-	-	412,483
Due from other governments	321,385	132,019	18,541	-	-	-	-	471,945
Inventories	-	532,842	-	-	-	-	-	532,842
Prepaid items	224,707	335,758	47,075	-	-	-	-	607,540
Restricted deposits	242,019	78,157	1,000	-	-	-	-	321,176
Total assets	<u>\$ 3,982,658</u>	<u>\$ 12,874,606</u>	<u>\$ 1,607,944</u>	<u>\$ 3,021,098</u>	<u>\$ 101,701</u>	<u>\$ 51,553</u>	<u>\$ 4,606</u>	<u>\$ 21,644,166</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 125,533	\$ 367,682	\$ 34,445	\$ 292,268	\$ 15,961	\$ -	\$ -	\$ 835,889
Accrued personnel costs	1,032,308	269,979	23,989	-	-	-	-	1,326,276
Due to other governments	60,000	-	9,504	-	-	-	-	69,504
Unearned revenue	12	1,591,476	126,915	-	-	-	-	1,718,403
Total liabilities	<u>1,217,853</u>	<u>2,229,137</u>	<u>194,853</u>	<u>292,268</u>	<u>15,961</u>	<u>-</u>	<u>-</u>	<u>3,950,072</u>
Deferred Inflow of Resources								
Deferred Inflow	242,019	-	-	401,353	-	-	-	643,372
Fund balance								
Non-spendable	224,707	868,600	47,075	-	-	-	-	1,140,382
Restricted Deposits by Third Party Agreement	-	78,157	1,000	-	-	-	-	79,157
Committed	-	9,698,712	1,365,016	-	-	-	-	11,063,728
Assigned	-	-	-	2,327,477	85,740	51,553	4,606	2,469,376
Unassigned	2,298,079	-	-	-	-	-	-	2,298,079
Total fund balance	<u>2,522,786</u>	<u>10,645,469</u>	<u>1,413,091</u>	<u>2,327,477</u>	<u>85,740</u>	<u>51,553</u>	<u>4,606</u>	<u>17,050,722</u>
Total liabilities and fund balance	<u>\$ 3,982,658</u>	<u>\$ 12,874,606</u>	<u>\$ 1,607,944</u>	<u>\$ 3,021,098</u>	<u>\$ 101,701</u>	<u>\$ 51,553</u>	<u>\$ 4,606</u>	<u>\$ 21,644,166</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Net Position that are not included in the Governmental Balance Sheet (because):

Total Fund Balance for Governmental Activities (page 22) \$ 17,050,722

General Fund:

Taxes that are collectible beyond 60 days, and therefore are recognized as receivable. 10,925

Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund 3,359,913

Community Services Fund:

Fees that are collectible beyond 60 days, and therefore are recognized as receivable. 35,697

Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund 46,475,443

Accrued interest, not to be liquidated from currently available resources (13,636)

Capital Grants in Deferred Inflows due to collection beyond 60 days 401,353

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund (1,818,247)

Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund 6,872

Beach Fund:

Fees that are collectible beyond 60 days, and therefore are recognized as receivable. 5,789

Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund 4,796,213

Accrued interest, not to be liquidated from currently available resources (223)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund (29,753)

Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund 112

Internal Services Fund:

Total Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities (page 29) 792,586

Net Position of Governmental Activities \$ 71,073,766

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, 2018**

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Ad valorem taxes	\$ 1,524,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,524,623
Personal Property Tax	12,671	-	-	-	-	-	-	12,671
Intergovernmental:								
Consolidated taxes	1,388,529	-	-	-	-	-	-	1,388,529
Local Government Tax Act Services	248,721	-	-	-	-	-	-	248,721
Services	-	20,220	-	-	-	-	-	20,220
Charges for Services	-	14,632,554	1,266,613	-	-	-	-	15,899,167
Interfund Services	-	74,014	-	-	-	-	-	74,014
Facility Fees - Operations	-	1,759,641	657,842	-	-	-	-	2,417,483
Facility Fees - Capital Expenditure	-	2,700,842	301,833	-	-	-	-	3,002,675
Facility Fees - Debt Service	-	1,309,499	7,739	-	-	-	-	1,317,238
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	-	-	156,775	-	-	-	156,775
Investment income	89,960	69,303	2,288	-	-	-	-	161,551
Miscellaneous	2,033	109,462	-	-	-	-	-	111,495
Total revenues	<u>3,266,537</u>	<u>20,692,535</u>	<u>2,236,315</u>	<u>156,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,352,162</u>
EXPENDITURES								
GENERAL GOVERNMENT								
Manager	355,012	-	-	-	-	-	-	355,012
Trustees	176,450	-	-	-	-	-	-	176,450
Accounting	833,348	-	-	-	-	-	-	833,348
Information Services	820,658	-	-	-	-	-	-	820,658
Risk Management	127,032	-	-	-	-	-	-	127,032
Human Resources	597,875	-	-	-	-	-	-	597,875
Health & Wellness	24,594	-	-	-	-	-	-	24,594
Community & Employee Relations	188,682	-	-	-	-	-	-	188,682
Administration	462,552	-	-	-	-	-	-	462,552
Central Services Cost Allocation Income	(1,094,000)	-	-	-	-	-	-	(1,094,000)
Capital Outlay	113,813	-	-	-	-	-	-	113,813
RECREATION								
Championship Golf	-	4,055,702	-	-	-	-	-	4,055,702
Mountain Golf	-	972,171	-	-	-	-	-	972,171
Facilities	-	448,797	-	-	-	-	-	448,797
Ski	-	7,024,327	-	-	-	-	-	7,024,327
Community Programming and Recreation Center	-	2,232,105	-	-	-	-	-	2,232,105
Parks	-	818,298	-	-	-	-	-	818,298
Tennis	-	228,530	-	-	-	-	-	228,530
Recreation Administration	-	357,498	-	-	-	-	-	357,498
Beach	-	-	1,619,746	-	-	-	-	1,619,746
Capital Outlay	-	-	-	3,905,926	221,248	-	-	4,127,174
Debt Service:								
Principal	-	-	-	-	-	1,181,494	5,506	1,187,000
Interest	-	-	-	-	-	103,846	731	104,577
Total expenditures	<u>2,606,016</u>	<u>16,137,428</u>	<u>1,619,746</u>	<u>3,905,926</u>	<u>221,248</u>	<u>1,285,340</u>	<u>6,237</u>	<u>25,781,941</u>
Excess revenues (expenditures)	660,521	4,555,107	616,569	(3,749,151)	(221,248)	(1,285,340)	(6,237)	570,221
OTHER FINANCING SOURCES:								
Sale of Capital Assets	16	85,562	857	1,980	-	-	-	88,415
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(2,700,842)	(301,833)	2,700,842	301,833	-	-	-
Transfers In (Out) - Facility Fees for Debt Service	-	(1,309,499)	(7,739)	-	-	1,309,499	7,739	-
Transfers In (Out) - From (for) Other Sources	-	(305,000)	35,000	950,000	-	-	-	680,000
Net change in fund balance	660,537	325,328	342,854	(96,329)	80,585	24,159	1,502	1,338,636
Fund balance, July 1	1,862,249	10,320,141	1,070,237	2,423,806	5,155	27,394	3,104	15,712,086
Fund balance, June 30	<u>\$ 2,522,786</u>	<u>\$ 10,645,469</u>	<u>\$ 1,413,091</u>	<u>\$ 2,327,477</u>	<u>\$ 85,740</u>	<u>\$ 51,553</u>	<u>\$ 4,606</u>	<u>\$ 17,050,722</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES FOR THE GOVERNMENTAL FUNDS
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2018**

Amounts reported for governmental activities are different because the Governmental Funds account for a flow of resources while the Statement of Activities is on a full accrual basis of accounting:

Total Net Change in Fund Balance for Governmental Funds (page 24) \$ 1,338,636

General Fund:

Taxes for periods through June 30 that are collectible, but received after August 30, 2017.	9,281
Capital Assets acquired during the year and capitalized	113,813
Unallocated depreciation expense for the fiscal year	(242,714)
Net book value of assets sold	(304)

Community Services Fund:

Facility Fees for periods through June 30 that are collectible, but received after August 30, 2017.	29,224
Capital Assets acquired during the year and capitalized	3,905,926
Depreciation expense for the fiscal year	(2,823,174)
Net book value of assets sold	(12,210)
Capital Grants in Deferred Inflows due to collection beyond 60 days	401,353
Principal paid on long-term liabilities, including bonds payable	1,181,494
Interest accrued versus paid	7,453
Amortize Bond Premium for fiscal year	14,997
Amortize Bond Discount for fiscal year	(1,641)

Beach Fund:

Facility Fees for periods through June 30 that are collectible, but received after August 30, 2017.	4,902
Capital Assets acquired during the year and capitalized	221,248
Depreciation expense for the fiscal year	(229,196)
Net book value of assets sold	
Principal paid on long-term liabilities, including bonds payable	5,506
Interest accrued versus paid	41
Amortize Bond Discount for fiscal year	(27)

Internal Services Fund:

Total Change in Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities page (30)	<u>(648,798)</u>
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Change in Net Position of Governmental Activities \$ 3,275,810

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, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,537,050	\$ 1,537,050	\$ 1,524,623	\$ (12,427)
Personal Property Tax	12,000	12,000	12,671	671
Intergovernmental:				
Consolidated Tax	1,363,510	1,363,510	1,388,529	25,019
Local Government Tax Act	216,000	216,000	248,721	32,721
Investment earnings	36,000	36,000	89,960	53,960
Miscellaneous	3,600	3,600	2,033	(1,567)
Total revenues	<u>3,168,160</u>	<u>3,168,160</u>	<u>3,266,537</u>	<u>98,377</u>
EXPENDITURES				
GENERAL GOVERNMENT:				
Manager	380,220	380,220	355,012	25,208
Trustees	215,977	215,977	176,450	39,527
Accounting	850,951	850,951	833,348	17,603
Information Services	948,571	948,571	820,658	127,913
Risk Management	142,404	142,404	127,032	15,372
Human Resources	570,070	570,070	597,875	(27,805)
Health and Wellness	46,708	46,708	24,594	22,114
Communications	307,055	307,055	188,682	118,373
Administration	465,764	465,764	462,552	3,212
Central Services Cost Allocation Income	(1,094,000)	(1,094,000)	(1,094,000)	-
Capital Outlay	278,900	278,900	113,813	165,087
Total expenditures	<u>3,112,620</u>	<u>3,112,620</u>	<u>2,606,016</u>	<u>506,604</u>
Excess (deficiency) of revenues over expenditures	<u>55,540</u>	<u>55,540</u>	<u>660,521</u>	<u>604,981</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	16	16
Contingency	(120,000)	(120,000)	-	120,000
Total other financing sources (uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>16</u>	<u>120,016</u>
Net changes in fund balance	(64,460)	(64,460)	660,537	724,997
Fund balance, July 1	<u>1,837,533</u>	<u>1,837,533</u>	<u>1,862,249</u>	<u>24,716</u>
Fund balance, June 30	<u>\$ 1,773,073</u>	<u>\$ 1,773,073</u>	<u>\$ 2,522,786</u>	<u>\$ 749,713</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 3,687,462	\$ 3,687,462	\$ 3,763,372	\$ 75,910
Mountain Golf	683,670	683,670	632,261	(51,409)
Facilities	358,225	358,225	355,696	(2,529)
Ski	8,268,215	9,118,215	9,155,646	37,431
Community Programming and Recreation Center	1,266,772	1,266,772	1,289,953	23,181
Parks	54,400	54,400	48,910	(5,490)
Tennis	167,500	167,500	145,197	(22,303)
Recreation Administration	(510,000)	(510,000)	(758,481)	(248,481)
Subtotal Charges for Services	13,976,244	14,826,244	14,632,554	(193,690)
Facility Fees - Operations	1,761,710	1,761,710	1,759,641	(2,069)
Facility Fees - Capital Projects	2,704,020	2,704,020	2,700,842	(3,178)
Facility Fees - Debt service	1,311,040	1,311,040	1,309,499	(1,541)
Intergovernmental Services	31,100	31,100	20,220	(10,880)
Interfund Services	91,000	91,000	74,014	(16,986)
Operating Grants	17,000	17,000	17,000	-
Investment income	48,000	48,000	69,303	21,303
Miscellaneous - other	86,400	86,400	109,462	23,062
Total revenues	20,026,514	20,876,514	20,692,535	(183,979)
EXPENDITURES				
COMMUNITY SERVICES RECREATION:				
Championship Golf	3,868,494	3,868,494	4,055,702	(187,208)
Mountain Golf	1,035,767	1,035,767	972,171	63,596
Facilities	497,074	497,074	448,797	48,277
Ski	6,701,155	7,071,155	7,024,327	46,828
Community Programming and Recreation Center	2,314,961	2,314,961	2,232,105	82,856
Parks	850,849	850,849	818,298	32,551
Tennis	278,428	278,428	228,530	49,898
Recreation Administration	428,446	428,446	357,498	70,948
Total expenditures	15,975,174	16,345,174	16,137,428	207,746
Excess (deficiency) of revenues over expenditures	4,051,340	4,531,340	4,555,107	23,767
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	645,000	645,000	645,000	-
Sale of assets	-	-	85,562	85,562
Contingency	(475,000)	(475,000)	-	475,000
Operating Transfers (Out) - Capital Projects	(5,604,020)	(5,604,020)	(3,650,842)	1,953,178
Operating Transfers (Out) - Debt Service	(1,311,040)	(1,311,040)	(1,309,499)	1,541
Total other financing sources (uses)	(6,745,060)	(6,745,060)	(4,229,779)	2,515,281
Net changes in fund balance	(2,693,720)	(2,213,720)	325,328	2,539,048
Fund Balance, July 1	9,835,803	10,320,141	10,320,141	-
Fund balance, June 30	\$ 7,142,083	\$ 8,106,421	\$ 10,645,469	\$ 2,539,048

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Beach	\$ 1,023,200	\$ 1,023,200	\$ 1,266,613	\$ 243,413
Facility Fees - Operations	659,260	659,260	657,842	(1,418)
Facility Fess - Capital Projects	302,484	302,484	301,833	(651)
Facility Fees - Debt service	7,756	7,756	7,739	(17)
Investment earnings	9,000	9,000	2,288	(6,712)
Total revenues	<u>2,001,700</u>	<u>2,001,700</u>	<u>2,236,315</u>	<u>234,615</u>
EXPENDITURES				
BEACH RECREATION:				
Beach	<u>1,680,389</u>	<u>1,680,389</u>	<u>1,619,746</u>	<u>60,643</u>
Excess (deficiency) of revenues over expenditures	<u>321,311</u>	<u>321,311</u>	<u>616,569</u>	<u>295,258</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	857	857
Contingency	(50,000)	(50,000)	-	50,000
Operatign Transfers In	35,000	35,000	35,000	-
Operating Transfers (Out) - Capital Projects	(327,484)	(327,484)	(301,833)	25,651
Operating Transfers (Out) - Debt Service	<u>(7,756)</u>	<u>(7,756)</u>	<u>(7,739)</u>	<u>17</u>
Total other financing sources (uses)	<u>(350,240)</u>	<u>(350,240)</u>	<u>(273,715)</u>	<u>76,525</u>
Net changes in fund balance	(28,929)	(28,929)	342,854	371,783
Fund Balance, July 1	<u>1,037,000</u>	<u>1,037,000</u>	<u>1,070,237</u>	<u>33,237</u>
Fund balance, June 30	<u>\$ 1,008,071</u>	<u>\$ 1,008,071</u>	<u>\$ 1,413,091</u>	<u>\$ 405,020</u>

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, 2018**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 6,764,416	\$ 817,812
Accounts receivable	1,189,596	-
Interest receivable	26,111	-
Grants receivable	127,668	-
Inventories	155,982	89,398
Prepaid expenses	171,463	9,531
Total current assets	<u>8,435,236</u>	<u>916,741</u>
Noncurrent assets:		
Investments - long-term	3,452,821	-
Contractual deposits	100	-
Restricted deposit for debt service reserve	219,626	-
Restricted for TRPA Deposits	89,618	-
Restricted State of Nevada Work Comp Deposit	-	103,880
	<u>3,762,165</u>	<u>103,880</u>
Capital Assets		
Land	6,715,544	-
Construction in progress	4,151,041	-
Buildings and structures	15,166,010	-
Improvements and Infrastructure	108,626,081	-
Equipment and vehicles	3,721,984	263,912
Total capital assets	138,380,660	263,912
Less: accumulated depreciation	(68,884,659)	(174,443)
Total capital assets (net)	<u>69,496,001</u>	<u>89,469</u>
Total noncurrent assets	<u>73,258,166</u>	<u>193,349</u>
Total assets	<u>81,693,402</u>	<u>1,110,090</u>
LIABILITIES		
Current liabilities:		
Accounts payable	861,273	173,595
Accrued personnel costs	323,481	143,909
Accrued interest payable	68,492	-
Unearned revenue	543,518	-
Current maturities of long-term debt	509,678	-
Total current liabilities	2,306,442	317,504
Non-current liabilities:		
Non-current long term debt	4,608,926	-
Total liabilities	<u>6,915,368</u>	<u>317,504</u>
NET POSITION		
Net investment in capital assets	64,377,397	89,469
Restricted Deposits by Third Party Agreement	309,344	103,880
Unrestricted	10,091,293	599,237
Total net position	<u>\$ 74,778,034</u>	<u>\$ 792,586</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, 2018**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
	Fund	Services Fund
OPERATING REVENUES		
Sales and fees	\$ 11,748,009	\$ -
Interfund services	177,548	3,190,849
Total operating revenues	11,925,557	3,190,849
OPERATING EXPENSES		
Wages and benefits	3,622,220	1,926,387
Cost of goods sold	20,613	-
Services and supplies	1,974,478	747,196
Defensible Space	95,229	-
Central Services Cost	297,000	-
Insurance	184,537	348,886
Utilities	842,777	10,173
Professional fees	102,886	13,439
Depreciation	2,973,631	10,319
Total operating expenses	10,113,371	3,056,400
Operating income	1,812,186	134,449
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	77,280	13,571
Gain (loss) on sales of assets	50,020	3,182
Interest on bond debt	(140,463)	-
Total nonoperating revenues (expenses)	(13,163)	16,753
Income before transfers and contributions	1,799,023	151,202
Transfer In (Out)	120,000	(800,000)
Capital Grant Contributions	199,934	-
Changes in net position	2,118,957	(648,798)
Total net position, July 1	72,659,077	1,441,384
Total net position, June 30	\$ 74,778,034	\$ 792,586

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, 2018**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 11,635,957	\$ -
Receipts from interfund services provided	177,548	3,190,849
Payments to suppliers	(3,196,345)	(1,139,596)
Payments to employees	(3,616,146)	(2,025,871)
Net cash provided (used) by operating activities	5,001,014	25,382
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer (to) from other funds	120,000	(800,000)
Net cash provided (used) by non-capital financing activities	120,000	(800,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(7,037,423)	(26,719)
Proceeds (costs) from sale of assets	50,020	3,182
Payments on capital debt	(495,761)	-
Capital contributions	72,266	-
Interest expense	(147,372)	-
Net cash provided (used) by capital and related financing activities	(7,558,270)	(23,537)
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted investments released (increased)	(4,322)	(1,452)
Investments purchased	(2,750,000)	-
Long-term investments sold	6,050,000	999,367
Investment earnings	115,650	11,992
Net cash provided (used) by investing activities	3,411,328	1,009,907
Net change in cash and cash equivalents	974,072	211,752
Cash and cash equivalents, July 1	1,796,283	606,060
Short term investments	3,994,061	-
Cash, cash equivalents and investments, June 30	\$ 6,764,416	\$ 817,812

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Business - type	
	Activities	Governmental
	Enterprise	Activities
	Utility	Internal
	Fund	Services Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 1,812,186	\$ 134,449
Non-cash adjustments -		
Depreciation	2,973,631	10,319
Increase (decrease) in cash from changes in:		
Accounts receivable	(121,011)	-
Inventory	(14,107)	(23,746)
Prepaid expenses	23,912	4,458
Accounts payable	311,370	(614)
Accrued personnel costs	6,074	(99,484)
Unearned revenue and customer deposits	8,959	-
Total adjustments	3,188,828	(109,067)
Net cash provided (used) by operating activities	\$ 5,001,014	\$ 25,382

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, 2018

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. The District is a legally separate government and it is fiscally independent of any other governmental entity. The District is not financially accountable for any other entity.

B. Basic Financial Statements - Government-wide 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.

C. Basic Financial Statements - Fund financial statements

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.

D. Measurement Focus/Basis of Accounting – Fund financial statements

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/expenses 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 utility and recreation program fund activities. Another internal service provides Workmen's Compensation benefits to all funds. Each activity pays premiums based on its payroll to provide resources for the coverage. The actual benefit is provided by purchasing a fully insured program from the Nevada Public Compensation Trust. All Internal Services are considered a governmental - type activity for the Government-wide financial statements. The majority of utilization of internal services is by the Utility Fund, Community Services and the Beach funds. The effect of inter-fund activity has not been eliminated from the Government-wide financial statements.

The District uses the following funds (all considered Major):

Governmental Funds -

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. The General Fund's primary function is to provide general administration for all other functions.

Community Services – providing recreation to approximately 8,200 parcel owners, their guests and visitors.

- Special Revenue Fund – operation of golf, event facilities, downhill skiing, recreation and fitness programs, parks and tennis
- Capital Projects Fund – capital projects related to recreation functions
- Debt Service Fund – debt service related to recreation functions

Beach – providing beach, picnic areas, boat launching and swimming pool programs to approximately 7,700 parcel owners and their guests.

- Special Revenue Fund – operations of beach functions
- Capital Projects Fund – capital projects related to beach functions
- Debt Service Fund – debt service related to beach functions

Proprietary Funds -

Enterprise Funds - The Enterprise Funds are used to account for operations of the District's Utility Departments. **Utility Fund** – providing water, sewer, trash and recycling services to approximately 4,100 customers.

Internal Service Funds – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the District. The District provides Fleet, Engineering, and Buildings Maintenance which includes repair and maintenance of the District's vehicles and equipment, engineering services, and buildings maintenance. The District has Worker's Compensation that provides a combination of resources for prior claims and purchases current coverage for benefits. The Fleet, Engineering and Buildings Maintenance Departments also collectively provide planning, inspection, construction and maintenance for the District's structures and equipment. The Worker's Compensation Department provides District-wide worker's current period compensation coverage of benefits through a government risk pool and holds a reserve for claims incurred prior to July 1, 2013.

E. 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, 2017, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held after the third Monday in May. On May 24, 2017, at a public hearing, the Board adopted a final budget. On or before June 1, 2017 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, if necessary, public hearing procedures. The District did augment its budget for the 2017-18 fiscal year.
3. The legal level of budgetary control is at the fund level. 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 enterprise fund capital outlay, debt service payments and other non-operating cash transactions, normally reflected in the balance sheet of the proprietary funds, to 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 supplemental disclosure 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 that compares to amounts reported on their budget forms.

F. 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.

District Funds share bank accounts for operations, payroll and reimbursements. 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 or to Other Funds are established. These are cleared monthly through pooled cash. The combined pooled balances are monitored to assure no fund makes temporary loans to another, within the context of Nevada Revised Statute 354.6118.

Short term investments reflect items held with maturities within one year. These are predominantly certificates of deposit and agency issues. These provide funds for capital projects.

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 investment pool (LGIP) (operated by the Nevada State Treasurer); 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.

The District's Investments are stated at fair value as of the reporting date. These are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based in the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

U. S. Agencies securities are valued at quoted market prices (Level 1 inputs)

Certificates of Deposits valued at quoted market prices (Level 1 inputs)

G. Receivables

Property taxes are levied no later than July 10 of each year on property values assessed for the same year. The taxes may be paid in four installments as follows: the first installment is due on or before the third Monday in 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 for deposits or fees that are earned, but not collected. An allowance for doubtful accounts is considered and at present, the allowance totals \$3,832. 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 Grants Receivable. The District also has an operating grant from Washoe County, received monthly 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.

H. Inventory and Prepaid Items

There are no inventories in the General Fund. Inventories for Community Services Special Revenue and Proprietary Funds are stated at the lower of cost (first-in, first-out) or market. Costs are recognized under the consumption method as items are used or resold.

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.

I. 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. These agencies establish the restriction by regulation or agreement.

J. 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 acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets (all categories except land and construction in progress) 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 holds 4,272 Acre Feet of Water Rights. This represents about 1,405,000,000 gallons. Currently these costs are included in Land. The District's historical records cannot identify the cost of water rights.

Activities of the General Fund include District administration, accounting and finance, information systems and technology, human resources, risk management, the General Manager's office, Communications and the Board of Trustees. The land, buildings, furniture and equipment, including technology assets, represent items used in common by all of the activities of the General Fund at the District's administrative office. The computers and technology represent equipment of the Information Systems & Technology (IST) department that services the needs of the entire District. These assets are presented as a part of government-wide net assets.

Activities of the Community Services Special Revenue Fund include two 18-hole golf courses, a large and small meeting facility, a ski resort, a recreation center, parks, tennis center, a skateboard park and green spaces. Venue improvements includes the cost of developing program ready locations.

Utility capital assets include traditional distribution lines, tanks, pumps and treatment. However, since the District is located in the Lake Tahoe Basin, the number of pumps, tanks and export lines is increased due to the requirements to manage in a mountainous and environmentally sensitive area.

The District has a number of Construction in Progress items since the fiscal year falls in the middle of the active acquisitions season. It is the nature of major projects to span multiple fiscal periods. The District accumulates costs through a series of pre-design, design and acquisition stages.

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>Threshold</u>	<u>Depreciable Life</u>	<u>Capitalization</u>
Buildings and Structures	30 - 50 years	\$10,000
Improvements and Infrastructure	10-50 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.

K. 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.

L. 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.

M. 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 will apply 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.

N. Unearned Revenue and Refundable Deposits

The District's Utility Fund reads meters over 3 cycles over the course of a month. A portion of each billing is in advance for services rendered. Billing occurs once a month. Billings in advance are held in until recognition 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.

O. 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.

P. Fund Balance

In the fund financial statements, fund balance for governmental funds 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 act by their resolution, prior to the end of the fiscal year, and thus 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.

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 as authorized, then assigned and then unassigned when amounts are available for the same use.

Q. 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.

R. 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.

S. Central Services Cost Allocation

The District allocates the shared costs of Accounting and Human Resources based under a plan which considers wages, benefits, full time equivalents and certain 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 from the expense category.

T. Punch Cards Utilized

Under District Ordinance 7, parcel owners may use a portion of the value of their recreation passes to pay down the difference between a regular rate and the resident rate for certain types of recreational fees. These forms of payment are presented as contra revenue in the Fund statements. Utilization is recognized based on the relationship of privileges used to total facility fee paid by the parcel. Under the 2017-2018 fee structure, this is 85% to Community Services Special Revenue Fund and 15% to the Beach Special Revenue Fund.

DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District’s checking deposits was \$2,913,075 while the bank balance was \$2,850,508. 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, 2018 consist of:

Operating Checking Accounts	\$2,913,075
Petty cash and change funds	71,360
Nevada Local Government Investment Pool (average weighted maturity of 142 days)	
General LGIP Account	2,992,689
US Government Money Market	<u>431,088</u>
Total Cash and Cash Equivalents	<u>\$6,408,212</u>

A portion of the District's investments are placed with Wells Fargo Bank as custodian in the US Government Money Market, where fair value is determined by multiplying the number of trading units held, by the quoted market value on that date.

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

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The District has adopted a formal investment policy that meets those limits and maturities for its investment choices. Essentially those investments are brokered certificates of deposit and government agencies.

The District categorizes its fair value measurements for investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

Fair Value Measurements as of June 30, 2018:	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of Deposit	\$ 13,891,588	\$ -	\$13,891,588
US Agencies	9,906,564	-	<u>9,906,564</u>
	Total Interest Bearing Amounts		<u>\$23,798,152</u>

	Investment Maturities by type as of June 30 are:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Certificates of Deposit	\$6,979,102	\$1,736,797	\$5,175,690	\$ -	\$13,891,589
US Agencies	4,244,912	5,420,467	-	241,185	<u>9,906,564</u>
Subtotal interest bearing					23,798,153
Restricted Deposits	486,206	-	-	-	<u>486,206</u>
All Investment Types					<u>\$ 24,284,359</u>

	Investment Maturities by Activity as of June 30, 2018:		
	Governmental Activities	Business- Type Activities	Total
Short term	\$ 7,229,953	\$ 3,994,061	\$11,224,014
Long term	9,121,318	3,452,821	12,574,139
Restricted	<u>176,862</u>	<u>309,344</u>	<u>486,206</u>
Total Investment Types	<u>\$ 16,528,133</u>	<u>\$ 7,756,226</u>	<u>\$24,284,358</u>

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

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

Custodial Credit Risk – The District Investment Policy requires FDIC coverage or collateralization on deposit-type securities. 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 Investment Policy calls for diversification without setting maximum allocations. 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's GSE holdings are approximately 42% of total investments. Individual 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.

3. RESTRICTED ASSETS

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

On September 13, 2017 the District's Board of Trustees approved a settlement agreement relative to ongoing litigation with a member of the public. Under this agreement, damages awarded by the Washoe County District Court are held in a segregated account in the District's name until the Nevada Supreme Court Appeal is completed. The amount of the deposit was \$241,646 and now stands at \$242,019.

The assets of the EPA State Revolving Fund (SRF) Reserve may be used 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 in the account at the District's discretion. The EPA SRF Reserve is in the LGIP Account totaling \$219,626. The assets in the TRPA (Tahoe Regional Planning Authority) Reserve may be used to satisfy performance obligations on projects authorized by the TRPA. These usually cover several years for construction and inspection phases. The total required deposits are \$156,778, interest earned is in the account at the District's discretion. The TRPA Project Reserve is in the LGIP Account totaling \$162,700. The Workers Comp Reserve exists according to Nevada Revised Statutes as an amount designated annually by the State of Nevada Insurance Commissioner. The amount is set aside in the event the State has to meet claims in excess of available reserves. The amount of the pledge is \$100,000 and interest earned is in the account at the District's discretion. The Work Comp Reserve is in the LGIP Account totaling \$103,880. In connection with completion of the Loss Portfolio Transfer and Assumption Agreement referred in Note 20, the Work Comp Reserve was released August 2, 2018.

Deposit with State of Nevada for Sales Tax	\$ 6,075
Building Deposit held by Parasol Foundation	100
Litigation Damage Deposit held by the District	242,019
LGIP Restricted Deposits (SRF, TRPA & Work Comp)	<u>486,206</u>
Total Temporarily Restricted Deposits	<u>\$ 734,400</u>

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2018:	Balance		Balance	
	July 1, 2017	Increases	Decreases	June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated				
Land - General Government	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Land - Community Services	11,929,282	67,717	-	11,996,999
Land - Beach	2,304,850	-	-	2,304,850
Construction in Progress - General Government	14,151	113,813	(108,373)	19,591
Construction in Progress - Community Services	1,629,467	3,905,926	(3,031,073)	2,504,320
Construction in Progress - Beach	197,623	221,248	(187,454)	231,417
Construction in Progress - Internal Services	-	26,719	(26,719)	-
Total capital assets, not being depreciated	18,745,277	4,335,423	(3,353,619)	19,727,081
Capital assets, being depreciated				
Buildings and Structures - General Government	846,899	-	-	846,899
Buildings and Structures - Community Services	29,264,346	515,959	-	29,780,305
Buildings and Structures - Beach	2,687,860	-	-	2,687,860
Venue Improvements - Community Services	28,380,323	723,764	-	29,104,087
Venue Improvements - Beach	2,034,160	139,678	-	2,173,838
Equipment and Vehicles - General Government	1,501,075	108,373	(18,261)	1,591,187
Equipment and Vehicles - Community Services	10,637,544	1,723,633	(747,631)	11,613,546
Equipment and Vehicles - Beach	472,861	47,776	(9,851)	510,786
Equipment and Vehicles - Internal Services	246,777	26,719	(9,584)	263,912
Total capital assets, being depreciated	76,071,845	3,285,902	(785,327)	78,572,420
Less accumulated depreciation for:				
Buildings and Structures - General Government	(780,647)	(11,054)	-	(791,701)
Buildings and Structures - Community Services	(12,923,079)	(906,051)	-	(13,829,130)
Buildings and Structures - Beach	(1,410,643)	(95,933)	-	(1,506,576)
Venue Improvements - Community Services	(18,002,175)	(919,393)	-	(18,921,568)
Venue Improvements - Beach	(1,258,460)	(93,854)	-	(1,352,314)
Equipment and Vehicles - General Government	(762,263)	(231,660)	17,956	(975,967)
Equipment and Vehicles - Community Services	(5,510,808)	(997,730)	735,422	(5,773,116)
Equipment and Vehicles - Beach	(224,091)	(39,409)	9,851	(253,649)
Equipment and Vehicles - Internal Services	(173,708)	(10,319)	9,584	(174,443)
Total accumulated depreciation	(41,045,874)	(3,305,403)	772,813	(43,578,464)
Total capital assets being depreciated, net	35,025,971	(19,501)	(12,514)	34,993,956
Governmental Activities Capital Assets, net	\$ 53,771,248	\$ 4,315,922	\$ (3,366,133)	\$ 54,721,037

Continued

Business-Type Activities

Utility Capital assets not being depreciated				
Land	\$ 6,715,544	\$ -	\$ -	\$ 6,715,544
Construction in Progress	4,519,884	7,037,423	(7,406,266)	4,151,041
Total utility capital assets, not being depreciated	<u>11,235,428</u>	<u>7,037,423</u>	<u>(7,406,266)</u>	<u>10,866,585</u>
Utility Capital assets, being depreciated				
Buildings and structures	11,900,859	3,272,789	(7,638)	15,166,010
Service infrastructure	105,000,108	3,633,611	(7,638)	108,626,081
Equipment and vehicles	3,483,938	499,866	(261,820)	3,721,984
Total utility capital assets at historical cost	<u>120,384,905</u>	<u>7,406,266</u>	<u>(277,096)</u>	<u>127,514,075</u>
Less accumulated depreciation for:				
Buildings and structures	(7,033,426)	(285,276)	7,638	(7,311,064)
Service infrastructure	(56,580,752)	(2,496,893)	7,638	(59,070,007)
Equipment and vehicles	(2,573,945)	(191,463)	261,820	(2,503,588)
Total accumulated depreciation	<u>(66,188,123)</u>	<u>(2,973,632)</u>	<u>277,096</u>	<u>(68,884,659)</u>
Total utility capital assets being depreciated, net	<u>54,196,782</u>	<u>4,432,634</u>	<u>-</u>	<u>58,629,416</u>
Business-Type Activities Capital Assets, net	<u>\$ 65,432,210</u>	<u>\$ 11,470,057</u>	<u>\$ (7,406,266)</u>	<u>\$ 69,496,001</u>

The District has a number of Construction in Progress projects open as of June 30, 2018. Community Services includes \$223,333 for the Diamond Peak Master Plan, and \$1,320,561 for the Incline Creek Culvert Rehabilitation. Beach includes \$210,032 for the Incline Beach Facility Study. The Utility Fund includes \$3,831,490 for the design phase of the Effluent Export Line that project will be ongoing through at least 2021. 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, 2018 was charged to functions as follows:

Governmental Activities:	
General Government	\$ 242,714
Recreation	2,823,174
Beach	229,196
Internal Services	<u>10,319</u>
Total Depreciation Expense	<u>\$ 3,305,403</u>
Business-Type Activities:	
Utility Fund Water and Sewer	<u>\$ 2,973,632</u>

The District holds a substantial number of land parcels for recreation and public purposes. Approximately 80 parcels were acquired at no cost through a Washoe County tax forfeiture transfer. These lands are not held for the purpose of income or profit, and therefore are not considered an investment.

5. ACCRUED PERSONNEL COSTS

The General Fund processes and issues payments for 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 provide their share through the pooled cash. This process provides the General Fund with the necessary available financial resources to meet the District wide obligations. Generally, no regular payroll or personnel accruals are recorded to the individual funds. Accruals for special payments, Health Reimbursement Accounts, Sick Leave at 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 banks accounts specific for payment of benefits except for those accumulated for Workers Compensation claims under the Internal Service Fund.

As a regular course of operations, the payroll including June 30 was paid July 7. 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 an 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. There are 17 eligible employees covered. The District has no other 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, 2018, the Accrued Personnel Costs were comprised of:

Current Payroll Liabilities:	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Accrued Payroll	\$ 595,235	\$ -	\$ 595,235
Taxes Withheld	44,378	-	44,378
Accrued Benefits	52,583	-	52,583
Deferred Comp	8,461	-	8,461
Pension	37,449	-	37,449
Health Reimbursement Accounts	163,683	-	163,683
Sick Leave Retirement Benefit	133,861	153,479	287,340
Workers Comp unpaid losses and expenses	57,575	-	57,575
Accrued Vacation	<u>376,960</u>	<u>170,002</u>	<u>546,962</u>
Total Government-wide	<u>\$1,470,185</u>	<u>\$ 323,481</u>	<u>\$1,793,666</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:

	Balance	Provisions		Balance
Select Benefit Liabilities	<u>June 30, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2018</u>
Health Reimbursement	\$ 129,715	\$ 74,002	\$ 40,034	\$ 163,683
Sick Leave Retirement	281,976	21,916	16,552	287,340
Work Comp unpaid losses	156,275	(98,700)	-	57,575
Accrued Vacation	536,624	651,741	641,404	546,961

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	Community Services Special Rev.	Beach Special Rev.	Utility	Total
Billed in advance	\$ 12	\$ 464,847	\$126,915	\$543,518	\$1,135,292
Unexpired season passes	-	894,784	-	-	894,784
External Gift Cards	-	146,326	-	-	146,326
Internal Gift Cards	-	85,519	-	-	85,519
Total	<u>\$ 12</u>	<u>\$1,591,476</u>	<u>\$126,915</u>	<u>\$543,518</u>	<u>\$2,261,921</u>

7. INTERFUND ACCOUNTS AND TRANSFERS

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances settle monthly through pooled cash and therefore there are no open balances as of June 30, 2018.

Transfers reported on the financial statements as of June 30, 2018 are as follows:

Fund Transfer Out:	Fund Transfer In:							Total Out
	Community Services Special Revenue	Community Services Capital Projects	Community Services Debt Service	Beach Special Revenue	Beach Capital Projects	Beach Debt Service	Utility Fund	
Internal Services Fund	\$ 645,000	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ 120,000	\$ 800,000
Community Services Special Revenue	-	3,650,842	1,309,499	-	-	-	-	\$4,960,341
Beach Special Revenue	-	-	-	-	301,833	7,739	-	\$ 309,572
Total In	<u>\$ 645,000</u>	<u>\$3,650,842</u>	<u>\$1,309,499</u>	<u>\$ 35,000</u>	<u>\$ 301,833</u>	<u>\$ 7,739</u>	<u>\$ 120,000</u>	<u>\$6,069,913</u>

Transfers for Capital Projects and Debt Service are (1) movement of revenues from the fund that by statute or budget authority collects the revenue to provide resources for specified functions and transaction types to the fund that will expend them. Transfers from Internal Services move unique resources to finance various operations in accordance with budgetary authorizations in relation to discontinuing self-insurance.

8. 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, 2018

Governmental Activities:

Issue	Issue Date	Maturity Date	Interest Rate	Amount Issued	Principal Outstanding	Current Portion
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation						
Refunding 2012	07/18/12	09/01/22	2.25%	3,475,000	<u>\$1,848,000</u>	<u>\$350,000</u>
Total Recreation Revenue Supported Debt					<u>\$1,848,000</u>	<u>\$350,000</u>

Business Type Activities:

Utility

State of Nevada

Sewer C32-0204	10/28/02	01/01/23	3.144%	\$1,720,380	\$ 590,633	\$ 110,875
Water IVGID-1	09/09/04	07/01/25	3.082%	1,687,282	755,855	91,048
Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	1,482,764	168,270
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	<u>2,289,352</u>	<u>139,485</u>
Total Utility Revenue Supported Debt					<u>\$5,118,604</u>	<u>\$ 509,678</u>
Total Debt – All Activities					<u>\$6,966,604</u>	<u>\$859,678</u>

Long-Term bonded debt activity for the year

	Beginning Balance	New Issues	Principal Reductions	Ending Balance	Due Within One Year
General Obligation Revenue	\$7,107,102	\$ -	\$1,486,986	\$5,620,116	\$657,755
Total	<u>1,542,263</u>	<u>-</u>	<u>195,775</u>	<u>1,346,488</u>	<u>201,923</u>
	8,649,365	-	1,682,761	6,966,604	<u>\$859,678</u>
Bond discounts	(8,649)	-	(1,666)	(6,983)	
Bond Premiums	<u>14,997</u>	<u>-</u>	<u>14,997</u>	<u>-</u>	
Long-term Debt, net	<u>\$8,655,713</u>	<u>\$ -</u>	<u>\$1,696,092</u>	<u>\$6,959,621</u>	

Future Debt Service Requirements as of June 30, 2018

Fiscal Year	Debt Supported by		Debt Supported by	
	<u>Utility Revenue</u>		<u>Recreation Revenue</u>	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 509,678	\$ 133,457	\$ 350,000	\$ 37,642
2020	523,988	119,145	361,000	29,643
2021	538,707	104,428	368,000	21,442
2022	553,841	89,291	378,000	13,050
2023	569,405	73,728	391,000	4,399
2024 to 2028	1,689,488	184,102	-	-
2029 to 2032	<u>733,497</u>	<u>39,990</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,118,604</u>	<u>\$ 744,141</u>	<u>\$ 1,848,000</u>	<u>\$ 106,176</u>

At June 30, 2018, principal and interest to maturity in 2032, paid from pledged future revenues, totaled \$7,816,921. For the year ended June 30, 2018, the net pledged revenue was \$4,059,397.

9. DEFERRED INFLOW OF RESOURCES

The District is holding a deposit of \$242,019 for a damage award as part of ongoing litigation relating to matters asserted by a member of the public. The litigation is under appeal with the Nevada Supreme Court. If the District prevails, the award will become revenue to the General Fund. If the member of the public prevails, the deposit will be refunded under terms of a settlement agreement approved September 13, 2017.

The District has been awarded FEMA/Nevada Department of Emergency Management grants for 2017 damage to the Diamond Peak Maintenance Building \$38,643 and a portion of the culvert for \$331,019. Review of the final costs and determination of payment is ongoing. They will settle after August 31, therefore these amounts are deferred at the fund level.

The District has billed Pump Track costs of \$31,691 incurred by June 30, but will be paid after August 31. Therefore this amount is deferred at the fund level.

10. CAPITAL GRANTS

The Utility Fund received \$187,053 as a capital grant for enhanced fire flow water mains. The Utility Fund was awarded a FEMA/Nevada Department of Emergency Management Grant for 2017 damages to the wetlands of \$12,881. Final review and payment is ongoing.

The Community Services Capital Projects Fund was awarded a capital grant for \$225,000 for the Pump Track, and has received \$153,778. Another \$31,691 was billed for costs incurred by June 30. The Community Services Capital Projects Fund received a State of NV grant of \$2,996 for costs of a creek restoration project.

11. 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 earnings until future years. The deferred compensation benefit is not collectible by employees until termination, retirement, death, or unforeseeable emergency.

12. DISTRICT RETIREMENT BENEFIT PLANS

The District has two retirement 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 401(a)). The District also sponsors a Section 457 Deferred Compensation Plan.

The District's Money Purchase Pension (Section 401(a) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. The District's provides a non-elective contribution of 12.3% of the employee's earnings. 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. The plan provides retirement and medical benefits to eligible participants based on a formula of years of service and reaching a qualifying age. It is available to approximately 45 positions in the District, covered by the collective bargaining agreements, with only four electing to do so. The District is not a party to this defined benefit plan. The District's liability under the union collective bargaining agreement is limited to making monthly contributions based on union employees' pay for hours worked. Consequently, the District is not liable for any funding shortage of the defined benefit plan. Each year the District contributions to the plan equal 100% of the District's liability under the bargaining 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, 1600 Harbor Bay Parkway, Suite 200, Alameda, California 94502 or by calling (800) 251-5014.

The District's Deferred Compensation (Section 457) Plan is a defined contribution plan. The plan is administered by third party administrators. 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 of employment. Employee contributions are subject to Internal Revenue Service regulations for Section 457 plans. The District provides a matching contribution up to 3%. 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>FYE June 30</u>	<u>Contribution to:</u>			
	<u>401(a) Money Purchase</u>	<u>Operating Engineers</u>	<u>Employer Section 457</u>	<u>Employee Section 457</u>
2018	\$942,023	\$37,898	\$211,945	\$406,548
2017	881,780	38,839	195,958	388,287
2016	796,148	42,559	179,873	349,945

13. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT

Insurance Coverage on June 30, 2018 consists of the following:

<u>Type</u>	<u>Carrier/Provider</u>	<u>Amount</u>
Property Liability on buildings & contents	NV Public Agency Pool	\$ 300,000,000
Earthquake & Flood	NV Public Agency Pool	150,000,000
Boiler & Machinery	NV Public Agency Pool	100,000,000
General Liability	NV Public Agency Pool	10,000,000
Cyber Security Event	NV Public Agency Pool	2,000,000
Money & Securities	NV Public Agency Pool	500,000
Site Pollution Incident	NV Public Agency Pool	2,000,000
Ski Resort Gen. Liability	Nova Casualty Company	1,000,000
Ski Resort Excess Liability	Nova Casualty Company	6,000,000
Workers Compensation	NV Public Agency Comp. Trust	2,000,000

The District has elected to participate in the Nevada Public Agency Insurance Pool. The risk-sharing Pool secures insurance coverage for all its members. The Pool agreement provides coverage for the equivalent of errors and omissions and directors and officers acts. The Pool does not offer general or excess liability coverage for the Diamond Peak Ski Resort. Therefore, separate coverage is purchased.

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.

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.

There were no District 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. A separate insurance program, less the District's \$10,000 deductible, provides coverage.

Workers Compensation Coverage

Prior to July 1, 2013 the District was self-insured for Worker's Compensation coverage through an internal service fund. This fund was liable for claim costs incurred during that time. Effective July 1, 2013 the District has executed a Loss Portfolio Transfer and Assumption Agreement with Public Agency Compensation Trust, which removes all liability in exchange for a one-time assessment of \$57,300. As of July 1, 2013 the District utilizes the Nevada Public Agency Compensation Trust to provide work comp coverage for all employees.

Workers Compensation (an element of the Internal Service Fund) accounts for and finances its risks of loss for Workers Compensation benefits. Through the Internal Service Fund, the District collects charges based on compensation, and then pays pooling 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 provided by NVPACT for the amounts needed to pay claims as member of the risk sharing pool.

For fiscal year ended June 30, 2018, the Internal Services Fund billed other District funds a total of \$464,551 and made member assessment payments for coverage of \$441,606. 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. The District made general provisions of \$56,000 for 2016, and reductions of \$98,700 for 2018. The District had a Third Party Administrator monitors open claims. As of June 30, 2018, the District carries \$57,300 as the Claims Liability based on the amount due July 1, 2018 to complete a Loss Portfolio Transfer and Assumption Agreement. Under this Agreement the District will no longer be liable for costs for claims incurred prior to July 1, 2013.

Following is a reconciliation of Workers Comp claims liability as of June 30, 2018, for claims incurred prior to July 1, 2013.

	Beginning Claims <u>Liability</u>	Claims <u>Made</u>	Claims <u>Payments</u>	General <u>Provision</u>	Ending Claims <u>Liability</u>
June 30, 2018	\$156,000	\$ -	\$ -	\$ (98,700)	\$ 57,300
June 30, 2017	\$156,000	\$ -	\$ -	\$ -	\$156,000
June 30, 2016	\$ 100,000	\$ -	\$ -	\$ 56,000	\$156,000

14. 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 of the current claims, on the District's financial condition, cannot be reasonably estimated.

15. COMMITTED AND ASSIGNED FUND BALANCE

As of July 1, 2015, the Board of Trustees established Special Revenue, Capital Project and Debt Service funds for District Community Services and Beach activities. Based on governmental accounting standards the fund balance for the Special Revenue funds are reported as committed for the purpose of recreation privileges utilizing the facility fee. The fund balance in the Capital Projects and Debt Service Funds are reported as assigned since they represent amounts designated through the budget process for approved but uncompleted expenditures under the direction of the District General Manager.

16. LEASE OBLIGATIONS

Current Expenses:

During the year ended June 30, 2018, \$31,813 was paid for leased golf carts used at the Mountain Golf Course. These payments are included under Services and Supplies in the Community Services Fund. A residual payment due on the Mountain Golf Carts of \$48,730 was paid as an unbudgeted capital expenditure to purchase the 58 cart fleet.

17. DUE TO OTHER GOVERNMENTS

The Nevada Department of Taxation has notified the District of refund of sales tax due another taxpayer, resulting in reductions of monthly Consolidated Tax Distributions. While the exact amount and terms for the reductions is not determined, sufficient information is available to arrive at an estimated \$60,000 liability. The refund applies to taxes received over three years ending in March 2017. The District share of recognizing the consequences of this refund will be made through 18 monthly reductions beginning with the July 2018 Consolidated Tax Distribution.

18. SEGMENT INFORMATION FOR COMMUNITY SERVICES AND BEACH SPECIAL REVENUE FUNDS

The District provides recreation functions through two individual special revenue funds. Each serves a different set of venues and customer base. A significant source of revenue for these functions for operations, capital expenditure and debt service comes directly from a facility fee assessed by parcel for each function and expenditure type. Facility Fees have been listed separately by fund and function. The operating portion of the facility fee is combined with charges for services to provide the resources for providing services. Charges for services are aggregated, while expenditures are provided by function. As stated in Note 1 T, part of the facility fee can be used to pay for charges for services in lieu of other forms of privileges. These are referred to as Punch Cards. The following are major functions included in Charges for Services and the approximate amounts of punch cards activity that is included.

	Charges for Services	Paid with Punch Cards	Punch Cards Value Utilized
Community Services Fund:			
Championship Golf	\$ 3,765,419	\$ 26,000	\$ -
Mountain Golf	630,214	97,000	-
Facilities	355,696	-	-
Ski	9,155,646	109,000	-
Community Programming	1,289,953	1,000	-
Parks	48,910	-	-
Tennis	145,197	-	-
Recreation Administration	<u>(758,481)</u>	<u>-</u>	<u>(780,000)</u>
Total	<u>\$ 14,632,554</u>	<u>\$233,000</u>	<u>\$(780,000)</u>
Beach Fund	<u>\$ 1,266,613</u>	<u>\$691,000</u>	<u>\$(144,000)</u>
District Total		<u>\$924,000</u>	<u>\$(924,000)</u>

19. COMMITMENTS AFFECTING FUTURE PERIODS

General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$185,000 for calendar year 2018 services. As of June 30, 2018 \$92,500 in quarterly deposits are remaining as a part of the subsequent year’s budget.

Capital Project Carryover:

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. The District has identified carryover and unspent budget authority for those projects. The amounts for governmental fund types are re-budgeted for the subsequent fiscal year. The unused Utility Fund resources become part of Unrestricted Net Position, but are budgeted under cash flow on the State of NV budget forms.

General Fund:

As of June 30, 2018, there is \$43,700 for a carryover project for the Administration Building.

Utility Fund:

As of June 30, 2018, there is \$9,703,020 of identified projects included in the carryover. The most significant portion is \$8,756,603 for the Effluent Export Line.

Community Services Fund:

As of June 30, 2018, there is \$2,346,762 of identified projects in the carryover. The most significant portion is \$604,600 for the Incline Creek Culvert Rehabilitation, \$682,600 for the Diamond Peak Master Plan Implementation, and \$138,000 for the Community Services Master Plan.

Beach Fund:

As of June 30, 2018, there is \$30,000 in the carryover for the Incline Beach Facility Study.

Budgeting for the Fiscal Year Ending June 30, 2019:

As a part of the budgeting for the fiscal year ending June 30, 2019, the District identified transfers of \$2,458,275 for capital expenditures from the Community Services Special Revenue Fund and \$3,844 for capital expenditures from the Beach Special Revenue Fund. These operating transfers are from those Funds to their respective Capital Projects Fund. The source of those transfers is presumably fund balance, 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, 2018</u>	<u>Remaining Commitment</u>
Utility Fund			
Effluent Pipeline Project – State Route 28 Line Repairs			
State of Nevada	\$1,152,600	\$ 955,028	\$ 197,572
Community Services Fund			
Incline Creek Culvert Restoration			
Q&D Construction, Inc.	3,792,459	-	3,792,459
CH2M Hill	64,000	22,785	41,215
CH2M Hill	70,000	-	70,000
Tri Sage Consulting	92,150	-	92,150

20. SUBSEQUENT EVENTS

The District has been engaged in a lawsuit with an individual over many years. A District Court decision made an award to the District for the recovery of fees. Both the Court decision and the fees awarded are under an appeal. In order to reduce possible longer-term exposure to the individual, the District received \$241,646 on September 14, 2017. These refunds are in a separate money market account and are classified as a Deferred Inflow until all appeals under the lawsuit are resolved. The timeframe for a decision is unknown.

The District and Public Agency Compensation Trust (PACT) have entered into a Loss Portfolio Transfer and Assumption Agreement effective July 1, 2018. Under the agreement all of the past liability for the District's self-insured workers compensation program from 1992 through June 30, 2013 is transferred to PACT. The District will pay a one-time assessment of \$49,000 and file conversion costs of \$8,700. Incidental to completing this agreement, the District was able to have the restricted deposit for the benefit of claims liability released on August 2, 2018. Once the other steps are accomplished, the Board of Trustees has budgeted a transfer of fund balance totaling \$300,000 from the Internal Services Fund to the Utility, Community Service Special Revenue and Beach Special Revenue Funds for the fiscal year ending June 30, 2019. This transfer was made as budgeted, September 1, 2018.

21. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District's estimated share of abatements for this fiscal year is \$39,622.

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF EMPLOYER REQUIRED CONTRIBUTIONS
TO DEFINED CONTRIBUTION MULTI-EMPLOYER PLANS
FOR THE TEN MOST RECENT FISCAL YEARS**

For the year ending June 30:	401(a) Money Purchase			Operating Engineers			457 Employer Portion		
	Number of Participants	Covered Payroll	Required Contributions	Number of Participants	Covered Payroll	Required Contributions	Number of Participants	Covered Payroll	Required Contributions
2018	111	\$ 7,658,724	\$ 942,023	4	\$ 308,114	\$ 37,898	109	\$ 7,907,817	\$ 211,945
2017	100	7,168,943	881,780	4	315,764	38,839	101	7,552,383	195,958
2016	97	6,472,748	796,148	5	346,008	42,559	99	6,971,739	179,872
2015	92	5,945,967	731,354	4	275,846	33,929	91	6,272,193	161,521
2014	90	6,114,415	752,073	5	346,797	42,656	88	6,244,762	168,321
2013	95	5,934,439	729,936	5	377,293	46,407	91	6,193,143	190,035
2012	97	6,049,829	744,129	7	395,512	48,648	96	6,727,903	191,087
2011	102	6,482,260	797,318	7	463,862	57,055	99	6,566,779	188,652
2010	106	6,133,951	754,476	8	477,382	58,718	102	7,034,731	192,637
2009	116	6,305,970	630,597	8	550,447	67,705	107	7,065,990	193,493

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

SUPPLEMENTARY
INFORMATION

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES					
Sales of Assets	\$ -	\$ -	\$ 1,980	\$ 1,980	
Charitable - Capital Grants	-	-	156,775	156,775	
Total revenues	-	-	158,755	158,755	
EXPENDITURES					
COMMUNITY SERVICES RECREATION:					
Championship Golf	New projects	570,100	570,100	538,138	31,962
	Carryover projects	255,550	255,550	125,983	129,567
Mountain Golf	New projects	413,000	413,000	312,024	100,976
	Carryover projects	184,450	184,450	90,931	93,519
Facilities	New projects	109,950	109,950	105,273	4,677
	Carryover projects	149,000	149,000	93,331	55,669
Ski	New projects	2,305,122	2,305,122	1,525,333	779,789
	Master Plan	690,000	690,000	7,422	682,578
	Carryover projects	418,000	418,000	281,266	136,734
Community Programming	New projects	194,130	194,130	71,100	123,030
	Carryover projects	113,000	113,000	-	113,000
Parks	New projects	268,000	268,000	498,206	(230,206)
	Carryover projects	177,000	177,000	103,107	73,893
Tennis	New projects	46,660	46,660	5,000	41,660
	Carryover projects	20,000	20,000	-	20,000
Comm. Serv. Administration	New projects	95,000	95,000	76,926	18,074
	Carryover projects	208,000	208,000	71,886	136,114
Total expenditures		6,216,962	6,216,962	3,905,926	2,311,036
Excess (deficiency) of revenues over expenditures		(6,216,962)	(6,216,962)	(3,747,171)	2,469,791
OTHER FINANCING SOURCES					
Operating Transfers In - Facility Fees		2,704,020	2,704,020	2,700,842	(3,178)
Operating Transfers In - CIP		2,900,000	2,900,000	950,000	(1,950,000)
Total other financing sources		5,604,020	5,604,020	3,650,842	(1,953,178)
Net changes in fund balance		(612,942)	(612,942)	(96,329)	516,613
Fund Balance, July 1		2,284,781	2,284,781	2,423,806	139,025
Fund balance, June 30		\$ 1,671,839	\$ 1,671,839	\$ 2,327,477	\$ 655,638

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2018**

		<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
		<u>Original</u>	<u>Final</u>		
EXPENDITURES					
Beach	New projects	\$ 130,500	\$ 130,500	\$ 159,215	\$ (28,715)
	Carryover projects	202,000	202,000	62,033	139,967
	Total expenditures	<u>332,500</u>	<u>332,500</u>	<u>221,248</u>	<u>111,252</u>
Excess (deficiency) of revenues over expenditures		<u>(332,500)</u>	<u>(332,500)</u>	<u>(221,248)</u>	<u>111,252</u>
OTHER FINANCING SOURCES					
	Operating Transfers In - Facility Fee	302,484	302,484	301,833	(651)
	Operating Transfers In - Carryover CIP	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
	Total other financing sources	<u>327,484</u>	<u>327,484</u>	<u>301,833</u>	<u>(25,651)</u>
Net changes in fund balance		(5,016)	(5,016)	80,585	85,601
Fund Balance, July 1		<u>5,235</u>	<u>5,235</u>	<u>5,155</u>	<u>(80)</u>
Fund balance, June 30		<u>\$ 219</u>	<u>\$ 219</u>	<u>\$ 85,740</u>	<u>\$ 85,521</u>

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Community Services - GO Revenue Supported				
Principal	\$ 336,494	\$ 336,494	\$ 336,494	\$ -
Interest	44,696	44,696	44,696	-
Community Services - Medium Term Financing				
Principal	845,000	845,000	845,000	-
Interest	59,150	59,150	59,150	-
Total expenditures	<u>1,285,340</u>	<u>1,285,340</u>	<u>1,285,340</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,285,340)</u>	<u>(1,285,340)</u>	<u>(1,285,340)</u>	<u>-</u>
OTHER FINANCING SOURCES				
Operating Transfers In - Facility Fees	<u>1,311,040</u>	<u>1,311,040</u>	<u>1,309,499</u>	<u>(1,541)</u>
Total other financing sources	<u>1,311,040</u>	<u>1,311,040</u>	<u>1,309,499</u>	<u>(1,541)</u>
Net changes in fund balance	25,700	25,700	24,159	(1,541)
Fund Balance, July 1	<u>26,975</u>	<u>26,975</u>	<u>27,394</u>	<u>419</u>
Fund balance, June 30	<u>\$ 52,675</u>	<u>\$ 52,675</u>	<u>\$ 51,553</u>	<u>\$ (1,122)</u>

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Beach				
Principal	\$ 5,506	\$ 5,506	\$ 5,506	\$ -
Interest	732	732	731	1
Total expenditures	<u>6,238</u>	<u>6,238</u>	<u>6,237</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(6,238)	(6,238)	(6,237)	(1)
OTHER FINANCING SOURCES				
Operating Transfers In - Facility Fees	<u>7,756</u>	<u>7,756</u>	<u>7,739</u>	<u>(17)</u>
Net changes in fund balance	1,518	1,518	1,502	(16)
Fund Balance, July 1	<u>3,101</u>	<u>3,101</u>	<u>3,104</u>	<u>3</u>
Fund balance, June 30	<u>\$ 4,619</u>	<u>\$ 4,619</u>	<u>\$ 4,606</u>	<u>\$ (13)</u>

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,537,050	\$ 1,537,050	\$ 1,524,623	\$ (12,427)
Personal Property Tax	12,000	12,000	12,671	671
Intergovernmental:				
Consolidated Tax	1,363,510	1,363,510	1,388,529	25,019
Local Government Tax Act	216,000	216,000	248,721	32,721
Investment income	36,000	36,000	89,960	53,960
Miscellaneous	3,600	3,600	2,033	(1,567)
Central Services Revenue	1,094,000	1,094,000	1,094,000	-
Total revenues	<u>4,262,160</u>	<u>4,262,160</u>	<u>4,360,537</u>	<u>98,377</u>
EXPENDITURES				
General Government - All Functions:				
Function Summary	<u>4,206,620</u>	<u>4,206,620</u>	<u>3,700,016</u>	<u>506,604</u>
Total expenditures	<u>4,206,620</u>	<u>4,206,620</u>	<u>3,700,016</u>	<u>506,604</u>
Excess (deficiency) of revenues over expenditures	<u>55,540</u>	<u>55,540</u>	<u>660,521</u>	<u>604,981</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(120,000)	(120,000)	-	120,000
Sale of capital assets	-	-	16	16
Net changes in fund balance	<u>(64,460)</u>	<u>(64,460)</u>	<u>660,537</u>	<u>724,997</u>
Fund balance, July 1	<u>1,837,533</u>	<u>1,837,533</u>	<u>1,862,249</u>	<u>24,716</u>
Fund balance, June 30	<u>\$ 1,773,073</u>	<u>\$ 1,773,073</u>	<u>\$ 2,522,786</u>	<u>\$ 749,713</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
General Government:				
General Administration				
Salaries and Wages	\$ 29,125	\$ 29,125	\$ 42,668	\$ (13,543)
Employee Benefits	17,975	17,975	13,250	4,725
Services and Supplies	418,664	418,664	406,634	12,030
Capital Outlay	278,900	278,900	34,361	244,539
Subtotal General Administration	<u>744,664</u>	<u>744,664</u>	<u>496,913</u>	<u>247,751</u>
General Manager				
Salaries and Wages	250,590	250,590	237,500	13,090
Employee Benefits	98,110	98,110	104,419	(6,309)
Services and Supplies	31,520	31,520	13,093	18,427
Subtotal General Manager	<u>380,220</u>	<u>380,220</u>	<u>355,012</u>	<u>25,208</u>
Trustees				
Salaries and Wages	99,087	99,087	99,852	(765)
Employee Benefits	29,398	29,398	27,905	1,493
Services and Supplies	87,492	87,492	48,693	38,799
Subtotal Trustees	<u>215,977</u>	<u>215,977</u>	<u>176,450</u>	<u>39,527</u>
Accounting				
Salaries and Wages	544,869	544,869	537,564	7,305
Employee Benefits	235,182	235,182	240,003	(4,821)
Services and Supplies	70,900	70,900	55,781	15,119
Subtotal Accounting	<u>850,951</u>	<u>850,951</u>	<u>833,348</u>	<u>17,603</u>
Information Services				
Salaries and Wages	443,860	443,860	368,250	75,610
Employee Benefits	195,407	195,407	145,695	49,712
Services and Supplies	309,304	309,304	306,713	2,591
Capital Expenditure	-	-	79,452	(79,452)
Subtotal Information Services	<u>948,571</u>	<u>948,571</u>	<u>900,110</u>	<u>48,461</u>
Risk Management				
Salaries and Wages	77,701	77,701	75,689	2,012
Employee Benefits	43,003	43,003	42,005	998
Services and Supplies	21,700	21,700	9,338	12,362
Subtotal Risk Management	<u>142,404</u>	<u>142,404</u>	<u>127,032</u>	<u>15,372</u>
Human Resources				
Salaries and Wages	323,958	323,958	369,565	(45,607)
Employee Benefits	177,556	177,556	181,497	(3,941)
Services and Supplies	68,556	68,556	46,813	21,743
Subtotal Human Resources	<u>570,070</u>	<u>570,070</u>	<u>597,875</u>	<u>(27,805)</u>
Health and Wellness				
Salaries and Wages	16,451	16,451	13,786	2,665
Employee Benefits	8,757	8,757	4,800	3,957
Services and Supplies	21,500	21,500	6,008	15,492
Subtotal Health and Wellness	<u>46,708</u>	<u>46,708</u>	<u>24,594</u>	<u>22,114</u>
Community & Employee Relations				
Salaries and Wages	103,255	103,255	103,766	(511)
Employee Benefits	54,220	54,220	44,267	9,953
Services and Supplies	149,580	149,580	40,649	108,931
Subtotal Comm. Relations	<u>307,055</u>	<u>307,055</u>	<u>188,682</u>	<u>118,373</u>
Function Subtotal - Form 10	<u>\$ 4,206,620</u>	<u>\$ 4,206,620</u>	<u>\$ 3,700,016</u>	<u>\$ 506,604</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Championship Golf	\$ 3,687,462	\$ 3,687,462	\$ 3,765,419	\$ 77,957
Mountain Golf	683,670	683,670	630,214	(53,456)
Facilities	358,225	358,225	355,696	(2,529)
Ski	8,268,215	9,118,215	9,155,646	37,431
Community Programming	1,266,772	1,266,772	1,289,953	23,181
Parks	54,400	54,400	48,910	(5,490)
Tennis	167,500	167,500	145,197	(22,303)
Recreation Administration	(510,000)	(510,000)	(758,481)	(248,481)
Facility Fee:				-
Championship Golf	794,818	794,818	795,437	619
Mountain Golf	508,028	508,028	505,878	(2,150)
Facilities	458,864	458,864	458,325	(539)
Ski	221,238	221,238	220,978	(260)
Community Programming	1,294,652	1,294,652	1,293,131	(1,521)
Parks	958,698	958,698	957,571	(1,127)
Tennis	163,880	163,880	163,687	(193)
Recreation Administration	1,376,592	1,376,592	1,374,975	(1,617)
Operating Grants	17,000	17,000	17,000	-
Interfund Services	91,000	91,000	74,014	(16,986)
Intergovernmental Services	31,100	31,100	20,220	(10,880)
Investment Earnings	48,000	48,000	69,303	21,303
Sale of Assets	-	-	85,562	85,562
Miscellaneous	86,400	86,400	109,462	23,062
Total revenues	<u>20,026,514</u>	<u>20,876,514</u>	<u>20,778,097</u>	<u>(98,417)</u>
EXPENDITURES				
Culture and Recreation - All Functions:				
Function Summary	15,975,174	16,345,174	16,137,428	207,746
Total expenditures	<u>15,975,174</u>	<u>16,345,174</u>	<u>16,137,428</u>	<u>207,746</u>
Excess (deficiency) of revenues over expenditures	<u>4,051,340</u>	<u>4,531,340</u>	<u>4,640,669</u>	<u>109,329</u>
OTHER FINANCING SOURCES (USES)				
Contingency	(475,000)	(475,000)	-	475,000
Operating Transfers In - Internal Services	645,000	645,000	645,000	-
Operating Transfers Out - Capital Projects	(5,604,020)	(5,604,020)	(3,650,842)	1,953,178
Operating Transfers Out - Debt Service	<u>(1,311,040)</u>	<u>(1,311,040)</u>	<u>(1,309,499)</u>	<u>1,541</u>
Net changes in fund balance	(2,693,720)	(2,213,720)	325,328	2,539,048
Fund balance, July 1	<u>9,835,803</u>	<u>10,320,141</u>	<u>10,320,141</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,142,083</u>	<u>\$ 8,106,421</u>	<u>\$ 10,645,469</u>	<u>\$ 2,539,048</u>

Note: The State Budget Form 4404LGF recognized the Total Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure by those Funds.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES				
Community Services:				
Championship Golf				
Salaries and Wages	\$ 1,335,797	\$ 1,335,797	\$ 1,450,745	\$ (114,948)
Employee Benefits	434,814	434,814	378,678	56,136
Services and Supplies	2,097,883	2,097,883	2,226,279	(128,396)
Subtotal Championship Golf	<u>3,868,494</u>	<u>3,868,494</u>	<u>4,055,702</u>	<u>(187,208)</u>
Mountain Golf				
Salaries and Wages	381,142	381,142	327,821	53,321
Employee Benefits	111,183	111,183	88,958	22,225
Services and Supplies	543,442	543,442	555,392	(11,950)
Subtotal Mountain Golf	<u>1,035,767</u>	<u>1,035,767</u>	<u>972,171</u>	<u>63,596</u>
Facilities				
Salaries and Wages	89,577	89,577	80,096	9,481
Employee Benefits	49,752	49,752	38,460	11,292
Services and Supplies	357,745	357,745	330,241	27,504
Subtotal Facilities	<u>497,074</u>	<u>497,074</u>	<u>448,797</u>	<u>48,277</u>
Ski				
Salaries and Wages	2,544,098	2,794,098	2,767,963	26,135
Employee Benefits	938,084	1,023,084	847,817	175,267
Services and Supplies	3,218,973	3,253,973	3,408,547	(154,574)
Subtotal Ski	<u>6,701,155</u>	<u>7,071,155</u>	<u>7,024,327</u>	<u>46,828</u>
Community Programming				
Salaries and Wages	1,062,970	1,062,970	1,093,852	(30,882)
Employee Benefits	346,410	346,410	319,199	27,211
Services and Supplies	905,581	905,581	819,054	86,527
Subtotal Community Programming	<u>2,314,961</u>	<u>2,314,961</u>	<u>2,232,105</u>	<u>82,856</u>
Parks				
Salaries and Wages	335,654	335,654	332,157	3,497
Employee Benefits	85,271	85,271	71,527	13,744
Services and Supplies	429,924	429,924	414,614	15,310
Subtotal Parks	<u>850,849</u>	<u>850,849</u>	<u>818,298</u>	<u>32,551</u>
Tennis				
Salaries and Wages	149,310	149,310	120,151	29,159
Employee Benefits	26,249	26,249	19,854	6,395
Services and Supplies	102,869	102,869	88,525	14,344
Subtotal Tennis	<u>278,428</u>	<u>278,428</u>	<u>228,530</u>	<u>49,898</u>
Community Services Administration				
Salaries and Wages	142,242	142,242	144,815	(2,573)
Employee Benefits	53,704	53,704	41,518	12,186
Services and Supplies	232,500	232,500	171,165	61,335
Subtotal Recreation Administration	<u>428,446</u>	<u>428,446</u>	<u>357,498</u>	<u>70,948</u>
Function Subtotal	<u>\$ 15,975,174</u>	<u>\$ 16,345,174</u>	<u>\$ 16,137,428</u>	<u>\$ 207,746</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 BEACH SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for Services				
Culture and Recreation:				
Beach	\$ 1,023,200	\$ 1,023,200	\$ 1,266,613	\$ 243,413
Facility Fees	969,500	969,500	967,414	(2,086)
Investment Earnings	9,000	9,000	2,288	(6,712)
Sale of Assets	-	-	857	857
Total revenues	<u>2,001,700</u>	<u>2,001,700</u>	<u>2,237,172</u>	<u>235,472</u>
EXPENDITURES				
Beach:				
Salaries and Wages	763,266	763,266	748,538	14,728
Employee Benefits	214,396	214,396	182,791	31,605
Services and Supplies	<u>702,727</u>	<u>702,727</u>	<u>688,417</u>	<u>14,310</u>
Total expenditures	<u>1,680,389</u>	<u>1,680,389</u>	<u>1,619,746</u>	<u>60,643</u>
Excess (deficiency) of revenues over expenditures	321,311	321,311	617,426	296,115
OTHER FINANCING SOURCES (USES)				
Contingency	(50,000)	(50,000)	-	50,000
Operating Transfer In - Internal Services	35,000	35,000	35,000	-
Operating Transfers Out - Capital Projects	(327,484)	(327,484)	(301,833)	25,651
Operating Transfers Out - Debt Service	<u>(7,756)</u>	<u>(7,756)</u>	<u>(7,739)</u>	<u>17</u>
Net changes in fund balance	(28,929)	(28,929)	342,854	371,783
Fund balance, July 1	<u>1,037,000</u>	<u>1,037,000</u>	<u>1,070,237</u>	<u>33,237</u>
Fund balance, June 30	<u>\$ 1,008,071</u>	<u>\$ 1,008,071</u>	<u>\$ 1,413,091</u>	<u>\$ 405,020</u>

Note: The State Budget Form 4404LGF recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

**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, 2018**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Sales and service fees	\$ 11,559,102	\$ 11,597,653	\$ 38,551
Intergovernmental services	145,029	150,356	5,327
Interfund services	141,400	177,548	36,148
Investment earnings	96,000	77,280	(18,720)
Total revenues	<u>11,941,531</u>	<u>12,002,837</u>	<u>61,306</u>
EXPENSES			
Wages	2,561,058	2,505,990	55,068
Benefits	1,209,975	1,116,230	93,745
Services and supplies	2,034,476	2,179,628	(145,152)
Utilities	953,002	842,777	110,225
Legal and audit	97,800	102,886	(5,086)
Central Services cost	297,000	297,000	-
Defensible Space	100,000	95,229	4,771
Depreciation	2,950,000	2,973,631	(23,631)
Debt service interest	147,373	140,463	6,910
Total expenses	<u>10,350,684</u>	<u>10,253,834</u>	<u>96,850</u>
NONOPERATING ITEMS			
Gain (loss) on sale of assets	-	50,020	50,020
Transfers In (Out)	-	120,000	120,000
Capital Grants	-	199,934	199,934
Total Nonoperating items	-	369,954	369,954
Changes in Net Position	<u>\$ 1,590,847</u>	<u>\$ 2,118,957</u>	<u>\$ 528,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets - New Projects	\$ 4,428,100	\$ 2,911,706	\$ (1,516,394)
Acquisition of Capital Assets - Carry Over Projects	<u>\$ 3,576,000</u>	<u>\$ 4,125,717</u>	<u>\$ 549,717</u>
Payments of Principal on Capital Debt	<u>\$ 495,761</u>	<u>\$ 495,761</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, 2018**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Services provided by:				
Fleet	\$ 1,043,000	\$ 1,043,000	\$ 1,059,405	\$ 16,405
Engineering	787,200	787,200	754,258	(32,942)
Buildings Maintenance	963,700	963,700	912,635	(51,065)
Workers Compensation	425,000	425,000	464,551	39,551
Interfund Services	3,218,900	3,218,900	3,190,849	(28,051)
Investment earnings	2,400	2,400	13,571	11,171
 Total Revenues	 <u>3,221,300</u>	 <u>3,221,300</u>	 <u>3,204,420</u>	 <u>(16,880)</u>
EXPENSES				
Wages	1,348,106	1,348,106	1,309,713	38,393
Benefits	644,204	644,204	616,674	27,530
Services and Supplies	1,185,212	1,185,212	1,102,921	82,291
Utilities	10,500	10,500	10,173	327
Legal & Audit	9,000	9,000	9,600	(600)
Depreciation	12,000	12,000	10,319	1,681
Total expenses	<u>3,209,022</u>	<u>3,209,022</u>	<u>3,059,400</u>	<u>149,622</u>
NONOPERATING ITEMS				
Gain on sale of assets	-	-	3,182	3,182
Transfers Out	(800,000)	(800,000)	(800,000)	-
Total nonoperating items	<u>(800,000)</u>	<u>(800,000)</u>	<u>(796,818)</u>	<u>3,182</u>
 Changes in Net Position	 <u>\$ (787,722)</u>	 <u>\$ (787,722)</u>	 <u>\$ (651,798)</u>	 <u>\$ (163,320)</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. Certain amounts in prior year statements have been reclassified for comparisons purposes to conform to current year presentations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

District-wide Net Position, based on Statement of Net Position Last Ten Fiscal Years - (unaudited)

	Fiscal Years									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net invested in capital assets	\$ 52,880,021	\$ 50,729,901	\$ 48,555,965	\$ 47,729,659	\$ 44,322,574	\$ 42,560,434	\$ 40,313,677	\$ 38,304,227	\$ 30,800,605	\$ 27,660,846
Restricted	183,037	180,564	178,426	187,825	246,604	270,359	955,415	869,013	341,784	339,193
Unrestricted	18,010,708	16,887,487	13,973,745	9,114,898	10,106,521	9,434,133	6,473,085	5,432,800	8,309,236	9,666,431
Total governmental activities net position	<u>\$ 71,073,766</u>	<u>\$ 67,797,952</u>	<u>\$ 62,708,136</u>	<u>\$ 57,032,382</u>	<u>\$ 54,675,699</u>	<u>\$ 52,264,926</u>	<u>\$ 47,742,177</u>	<u>\$ 44,606,040</u>	<u>\$ 39,451,625</u>	<u>\$ 37,666,470</u>
Business-type activities										
Net invested in capital assets	\$ 64,377,397	\$ 59,817,845	\$ 57,974,014	\$ 57,365,832	\$ 56,875,962	\$ 56,144,425	\$ 56,598,673	\$ 53,051,044	\$ 49,445,970	\$ 47,785,869
Restricted	309,344	305,022	226,208	225,435	225,185	224,951	226,777	231,514	558,563	497,371
Unrestricted	10,091,293	12,536,210	12,026,276	11,228,881	10,113,847	9,197,509	5,554,147	7,552,741	9,406,203	10,683,500
Total business-type activities net position	<u>\$ 74,778,034</u>	<u>\$ 72,659,077</u>	<u>\$ 70,226,498</u>	<u>\$ 68,820,148</u>	<u>\$ 67,214,994</u>	<u>\$ 65,566,885</u>	<u>\$ 62,379,597</u>	<u>\$ 60,835,299</u>	<u>\$ 59,410,736</u>	<u>\$ 58,966,740</u>
Primary government										
Net invested in capital assets	\$ 117,257,418	\$ 110,547,746	\$ 106,529,979	\$ 105,095,491	\$ 101,198,536	\$ 98,704,859	\$ 96,912,350	\$ 91,355,271	\$ 80,246,575	\$ 75,446,715
Restricted	492,381	485,586	404,634	413,260	471,789	495,310	1,182,192	1,100,527	900,347	836,564
Unrestricted	28,102,001	29,423,697	26,000,021	20,343,779	20,220,368	18,631,642	12,027,232	12,985,541	17,715,439	20,349,931
Total primary government net position	<u>\$ 145,851,800</u>	<u>\$ 140,457,029</u>	<u>\$ 132,934,634</u>	<u>\$ 125,852,530</u>	<u>\$ 121,890,693</u>	<u>\$ 117,831,811</u>	<u>\$ 110,121,774</u>	<u>\$ 105,441,339</u>	<u>\$ 98,862,361</u>	<u>\$ 96,633,210</u>

Source: District Comprehensive Annual Financial Report Government-wide Statement of Net Position, restated to align classifications for all years to governmental activities.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

**District-wide Changes in Net Position, based on Statement of Activities
Last Ten Fiscal Years - (unaudited)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 3,828,917	\$ 3,814,458	\$ 3,672,661	\$ 3,220,478	\$ 3,189,596	\$ 2,929,928	\$ 3,265,830	\$ 3,882,904	\$ 3,067,477	\$ 3,150,889
Community Services	18,947,246	18,599,633	17,237,889	15,359,833	15,036,116	14,704,572	14,936,896	15,609,165	15,237,986	16,093,314
Beach	1,848,969	1,802,103	1,689,472	1,517,855	1,363,778	1,144,073	1,145,077	1,267,913	1,252,753	1,266,410
Internal services	3,053,400	2,947,302	2,972,060	2,503,958	2,267,111	1,792,260	1,949,861	1,979,196	1,766,735	2,001,647
Interest on long-term debt	97,083	160,366	205,263	201,882	252,324	371,938	476,635	437,360	592,288	686,854
Total governmental activities expenses	27,775,615	27,323,862	25,777,345	22,804,006	22,108,925	20,942,771	21,774,299	23,176,538	21,917,239	23,199,114
Business-type activities:										
Utilities	10,113,371	9,729,775	9,781,165	9,442,666	9,029,675	8,480,954	8,404,350	8,568,015	8,815,457	8,781,474
Interest on long-term debt	140,463	154,186	167,530	180,505	193,123	186,608	178,631	207,139	234,416	260,604
Total business-type activities expenses	10,253,834	9,883,961	9,948,695	9,623,171	9,222,798	8,667,562	8,582,981	8,775,154	9,049,873	9,042,078
Total primary government expenses	38,029,449	37,207,823	35,726,040	32,427,177	31,331,723	29,610,333	30,357,280	31,951,692	30,967,112	32,241,192
Program Revenues										
Governmental activities:										
Central Services Costs (& equivalent pre-2012)	1,094,000	1,177,200	1,123,000	1,101,000	1,068,996	1,000,200	1,074,000	924,154	1,267,842	863,532
Charges for services:										
Community Services	14,743,788	16,820,165	15,596,222	10,485,799	10,634,172	10,900,298	10,435,232	11,629,020	11,151,940	11,376,209
Beach	1,266,613	1,065,015	1,002,518	989,602	1,032,621	980,240	568,277	445,307	600,280	750,076
Internal Services	3,190,849	3,114,747	2,935,521	2,560,122	2,280,296	2,045,412	1,891,200	1,964,322	1,814,349	2,095,747
Total governmental activities revenues	20,295,250	22,177,127	20,657,261	15,136,523	15,016,085	14,926,150	13,968,709	14,962,803	14,834,411	15,085,564
Business-type activities:										
Charges for services:										
Utilities	11,925,557	11,813,169	11,158,119	10,851,123	10,434,118	9,767,475	9,127,955	8,485,161	8,051,694	8,182,416
Operating Grants and Contributions										
Total business-type activities revenue	11,925,557	11,813,169	11,158,119	10,851,123	10,434,118	9,767,475	9,127,955	8,485,161	8,051,694	8,182,416
Total primary government revenue	32,220,807	33,990,296	31,815,380	25,987,646	25,450,203	24,693,625	23,096,664	23,447,964	22,886,105	23,267,980
Net (Expense)/Revenue										
Governmental activities	(7,480,365)	(5,146,735)	(5,120,084)	(7,667,483)	(7,092,840)	(6,016,621)	(7,805,590)	(8,213,735)	(7,082,828)	(8,113,550)
Business-type activities	1,671,723	1,929,208	1,209,424	1,227,952	1,211,320	1,099,913	544,974	(289,993)	(998,179)	(859,662)
Total primary government net (expense)/revenue	(5,808,642)	(3,217,527)	(3,910,660)	(6,439,531)	(5,881,520)	(4,916,708)	(7,260,616)	(8,503,728)	(8,081,007)	(8,973,212)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	1,546,575	1,476,148	1,498,519	1,377,337	1,293,676	1,307,715	1,325,436	1,094,166	796,482	985,295
Combined taxes	1,637,250	1,484,830	1,487,986	1,369,950	1,277,567	1,205,091	1,106,183	1,101,055	1,136,483	1,218,893
Facility Fees - Community Services	5,799,206	5,973,914	5,995,248	6,018,616	6,024,564	5,962,384	5,919,707	6,067,022	5,126,716	4,921,834
Facility Fees - Beach	972,316	775,337	777,574	778,149	780,716	775,102	899,565	783,029	865,540	1,210,476
Investment earnings	175,122	83,842	150,795	124,306	103,106	88,116	193,562	102,384	212,096	313,576
Miscellaneous	190,578	310,425	299,355	120,134	170,981	63,692	127,338	306,352	730,666	595,355
Capital Grants and contributions	558,128	132,055	586,361	235,674	(407)	1,137,270	1,369,936	2,126,748	-	1,031,329
Transfers	(120,000)	-	-	-	-	-	-	-	-	(800,000)
Accounting Adjustments	-	-	-	-	(146,589)	-	-	1,787,393	-	-
Total governmental activities other changes	10,759,175	10,236,551	10,795,838	10,024,166	9,503,614	10,539,370	10,941,727	13,368,149	8,867,983	9,476,758
Business-type activities										
Investment earnings	77,280	60,132	154,162	81,996	61,007	55,666	86,010	151,646	189,786	236,935
Capital Grants and contributions	199,934	425,509	-	329,705	461,994	2,013,853	912,933	1,220,938	1,476,174	663,597
Miscellaneous	50,020	17,730	42,764	(34,499)	(4,712)	17,856	381	7,756	(223,785)	19,443
Transfers	120,000	-	-	-	-	-	-	-	-	800,000
Accounting Adjustments	-	-	-	-	(81,501)	-	-	334,217	-	-
Total business-type activities other changes	447,234	503,371	196,926	377,202	436,788	2,087,375	999,324	1,714,557	1,442,175	1,719,975
Change in Net Position										
Governmental activities	3,278,810	5,089,816	5,675,754	2,356,683	2,410,774	4,522,749	3,136,137	5,154,414	1,785,155	1,363,208
Business-type activities	2,118,957	2,432,579	1,406,350	1,605,154	1,648,108	3,187,288	1,544,298	1,424,564	443,996	860,313
Total primary government	\$ 5,397,767	\$ 7,522,395	\$ 7,082,104	\$ 3,961,837	\$ 4,058,882	\$ 7,710,037	\$ 4,680,435	\$ 6,578,978	\$ 2,229,151	\$ 2,223,521

Source: District Comprehensive Annual Financial Report Government-wide Statement of Activities, restated all years to align with the classifications of governmental activities.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

	Fiscal Year ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Non-spendable	\$ 224,707	\$ 213,462	\$ 268,005	\$ 218,623	\$ 237,021	\$ 191,780	\$ 174,157	\$ 504,077	\$ 154,087	\$ 143,088
Restricted	-	-	-	-	-	-	52,000	-	129,000	-
Committed	-	-	400,000	400,000	400,000	400,000	400,000	-	-	-
Unassigned	2,298,079	1,648,787	1,151,988	882,664	754,000	294,887	357,734	111,697	332,687	472,686
Total General Fund	\$ 2,522,786	\$ 1,862,249	\$ 1,819,993	\$ 1,501,287	\$ 1,391,021	\$ 886,667	\$ 983,891	\$ 615,774	\$ 615,774	\$ 615,774
Community Services										
Special Revenue Fund										
Non-spendable	\$ 868,600	\$ 878,949	\$ 751,640	\$ 660,409	\$ 658,053	\$ 705,131	\$ 685,798	\$ 474,069	\$ 439,059	\$ 412,430
Restricted	78,157	77,136	76,674	86,421	86,332	87,261	101,617	130,467	232,434	339,193
Committed - operations	9,698,712	9,364,056	7,026,514	4,610,925	5,279,561	5,275,226	3,949,021	3,752,098	5,033,576	6,466,784
Capital Projects - Assigned	2,327,477	2,423,806	2,061,541	-	-	-	-	-	-	-
Debt Service - Assigned	51,553	27,394	2,111	-	-	-	-	-	-	-
Total Comm. Services	\$ 13,024,499	\$ 12,771,341	\$ 9,918,480	\$ 5,357,755	\$ 6,023,946	\$ 6,067,618	\$ 4,736,436	\$ 4,356,634	\$ 5,705,069	\$ 7,218,407
Beach										
Special Revenue Fund										
Non-spendable	\$ 47,075	\$ 30,328	\$ 19,614	\$ 23,520	\$ 19,328	\$ 17,222	\$ 18,265	\$ -	\$ 5,068	\$ -
Restricted	1,000	1,000	-	-	-	-	-	-	-	-
Committed - operations	1,365,016	1,038,909	1,040,136	1,084,266	1,652,877	1,514,417	1,467,463	1,177,762	1,475,139	1,400,671
Capital Projects - Assigned	85,740	5,155	20,379	-	-	-	-	-	-	-
Debt Service - Assigned	4,606	3,104	1,572	-	-	-	-	-	-	-
Total Beach	\$ 1,503,437	\$ 1,078,496	\$ 1,081,701	\$ 1,107,786	\$ 1,672,205	\$ 1,531,639	\$ 1,485,728	\$ 1,177,762	\$ 1,480,207	\$ 1,400,671

Board of Trustee action to create the Special Revenue, Capital Project and Debt Service Funds was effective July 1, 2016, and thus start the separate commitments and assignments.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

	Fiscal Year ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 3,174,544	\$ 2,960,847	\$ 2,984,992	\$ 2,747,287	\$ 2,571,243	\$ 2,512,806	\$ 2,431,619	\$ 2,195,221	\$ 2,203,067	\$ 2,204,188
Charges for Services	15,993,401	17,886,620	16,598,740	11,458,401	11,560,555	11,783,415	10,925,809	11,990,328	11,665,220	11,932,797
Facility Fees	6,737,396	6,754,489	6,760,224	6,796,765	6,805,280	6,737,486	6,819,272	6,850,050	5,992,256	6,132,310
Central Services Charges	1,094,000	1,177,200	1,123,000	1,101,000	1,068,996	1,000,200	1,074,000	924,154	1,267,842	863,532
Operating Grants	17,000	17,000	19,880	17,000	106,238	97,123	77,700	84,000	87,000	193,488
Investment Earnings	161,551	81,366	115,690	99,634	78,855	65,199	54,112	66,872	183,300	269,340
Miscellaneous	111,495	198,729	516,763	116,224	111,315	72,307	75,468	29,818	479,521	655,057
Total Revenues	<u>27,289,387</u>	<u>29,076,251</u>	<u>28,119,289</u>	<u>22,336,311</u>	<u>22,302,482</u>	<u>22,268,536</u>	<u>21,457,980</u>	<u>22,140,443</u>	<u>21,878,206</u>	<u>22,250,712</u>
Expenditures										
General Government:										
General Fund - current	3,586,203	3,603,667	3,510,247	3,139,473	3,059,518	2,907,061	2,874,413	2,943,084	2,778,075	2,853,629
Capital Outlay	113,813	148,435	79,331	644,383	84,849	46,452	9,953	211,657	450,907	237,075
Recreation:										
Community Services - current	16,137,428	15,919,959	14,853,575	13,019,001	12,742,330	12,458,356	12,577,779	13,185,666	12,927,136	13,819,538
Community Services - Capital Projects	3,905,926	3,633,210	2,344,198	2,832,606	2,266,640	2,094,299	2,785,667	7,058,131	3,144,892	7,403,087
Community Services - Debt Service	1,285,340	1,284,257	1,283,074	1,761,635	1,758,931	2,239,198	2,271,093	2,352,479	2,422,769	2,427,911
Beach - current	1,619,746	1,587,259	1,493,554	1,368,428	1,226,285	1,026,756	1,028,133	1,147,809	1,115,204	1,133,760
Beach - Capital Projects	221,248	256,161	319,152	695,822	167,375	550,397	7,196	138,173	122,173	80,587
Beach - Debt Service	6,237	6,215	6,189	276,005	277,192	133,177	133,893	245,237	274,998	276,018
Total Expenditures	<u>26,875,941</u>	<u>26,439,163</u>	<u>23,889,320</u>	<u>23,737,353</u>	<u>21,583,120</u>	<u>21,455,696</u>	<u>21,688,127</u>	<u>27,282,236</u>	<u>23,236,154</u>	<u>28,231,605</u>
Other Financing Sources (Uses)										
Transfers In	680,000	-	-	-	-	-	-	-	-	-
Sale of assets	88,415	141,216	37,016	3,910	67,213	(8,615)	51,531	273,969	179,333	(68,774)
Capital Grants	156,775	113,615	586,361	235,674	(407)	1,137,270	1,369,936	2,126,748	-	1,031,329
Washoe Co Tax Refund	-	-	-	-	-	(694,817)	(280,460)	-	(270,102)	-
Total Other Sources (Uses)	<u>925,190</u>	<u>254,831</u>	<u>623,377</u>	<u>239,584</u>	<u>66,806</u>	<u>433,838</u>	<u>1,141,007</u>	<u>2,400,717</u>	<u>(90,769)</u>	<u>962,555</u>
Net Changes in Fund Balance	<u>\$ 1,338,636</u>	<u>\$ 2,891,919</u>	<u>\$ 4,853,346</u>	<u>\$ (1,161,458)</u>	<u>\$ 786,168</u>	<u>\$ 1,246,678</u>	<u>\$ 910,860</u>	<u>\$ (2,741,076)</u>	<u>\$ (1,448,717)</u>	<u>\$ (5,018,338)</u>

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
2018	\$ 1,623,315,601	0.1182	\$ 4,638,044,574	35%
2017	1,532,912,733	0.1183	4,379,750,666	35%
2016	1,484,624,556	0.1269	4,241,784,446	35%
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%

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

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Incline Village GID-Direct	\$ 0.1182	\$ 0.1183	\$ 0.1269	\$ 0.1157	\$ 0.1105	\$ 0.1153	\$ 0.1129	\$ 0.0806	\$ 0.0755	\$ 0.0741
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	0.6291	0.6291	0.6291	0.6414	0.5525	0.5389	0.5275	0.5226
State of Nevada	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Total	\$ 3.4475	\$ 3.4476	\$ 3.4562	\$ 3.4450	\$ 3.4398	\$ 3.4569	\$ 3.3656	\$ 3.3197	\$ 3.3032	\$ 3.2969

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	Number of Parcels	2018 Assessed Value	% of Total Assessed Value	2009 Assessed Value	% of Total Assessed Value	Rank
Top Ten (Current Year):							
Hyatt Equities LLC	Hotel/Casino	2	\$ 26,863,443	1.61%	\$ 23,324,455	1.48%	1
Tahoe Estates LLC	Residential Property	2	11,485,581	0.69%	5,787,825	0.37%	10
Ponderosa Ranch LLC	Residential Property	22	11,158,338	0.67%	13,611,405	0.86%	2
Cascade Beach LLC	Residential Property	2	10,192,460	0.61%	12,126,728	0.77%	3
1145 Lakeshore Boulevard	Residential Property	1	10,343,826	0.62%			
SF Pacific LLC	Residential Property	1	8,675,116	0.52%			
Lakeshore Trust	Residential Property	1	8,602,712	0.52%	7,994,363	0.51%	6
Ashley 2012 Family Trust	Residential Property	2	7,291,120	0.44%			
KWS Nevada Residential LLC	Residential Property	3	6,198,590	0.37%	5,903,302	0.37%	8
Lacey Family Trust	Residential Property	1	6,050,861	0.36%	5,805,792	0.37%	9
In Prior Top Ten:							
Sierra Nevada College	Educational Facility				8,114,330	0.51%	5
HTS Ground Lake Tahoe INC	Residential Property				5,917,405	0.37%	7
David A Duffield Trust	Residential Property				8,556,826	0.54%	4
			<u>\$ 106,862,047</u>	<u>6.41%</u>	<u>\$ 97,142,431</u>	<u>6.15%</u>	
Total IVGID Community			<u>\$ 1,666,387,475</u>	<u>100.00%</u>	<u>\$ 1,580,606,324</u>	<u>100.00%</u>	

SOURCE: Washoe County Assessors Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Fiscal Year Ending June 30,	Net Levy Roll	Current Tax Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Cumulative Taxes Collected	Total Taxes Collected as a % of Net Levy Roll
2018	\$ 473,365	\$ 471,229	99.55%	\$ -	\$ 471,229	99.55%
2017	452,327	449,930	99.47%	1,893	451,823	99.89%
2016	440,185	438,074	99.52%	1,982	440,056	99.97%
2015	424,115	421,125	99.30%	2,960	424,085	99.99%
2014	411,260	407,469	99.08%	3,773	411,242	100.00%
2013	411,058	405,977	98.76%	5,055	411,032	99.99%
2012	422,799	416,849	98.59%	5,933	422,782	100.00%
2011	458,717	451,994	98.53%	6,717	458,711	100.00%
2010	504,823	495,281	98.11%	9,535	504,816	100.00%
2009	514,531	504,268	98.01%	10,259	514,527	100.00%

SOURCE: Washoe County Comptroller's Office

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Fiscal Year Ended	<u>Governmental-Type Activities:</u>			<u>Business-Type Activities:</u>			Gross Bonded Debt	Percentage Payable by	Percentage Payable by	Population	Debt Per Capita
	Revenue Pledged	General Obligation	Total	Revenue Pledged	General Obligation	Total		Property Taxes	Pledged Revenues		
2018	\$ 1,848,000	\$ -	\$ 1,848,000	\$ 1,346,488	\$ 3,772,116	\$ 5,118,604	\$ 6,966,604	0%	100%	9087	\$ 767
2017	2,190,000	845,000	3,035,000	1,542,263	4,072,102	5,614,365	8,649,365	0%	100%	9087	952
2016	2,523,000	1,635,000	4,158,000	1,732,078	4,364,517	6,096,595	10,254,595	0%	100%	9087	1,128
2015	2,847,000	2,395,000	5,242,000	1,916,115	4,649,552	6,565,667	11,807,667	0%	100%	9087	1,299
2014	3,901,000	3,125,000	7,026,000	2,094,548	4,927,395	7,021,943	14,047,943	0%	100%	9087	1,546
2013	4,925,000	3,825,000	8,750,000	2,267,548	5,198,228	7,465,776	16,215,776	0%	100%	9087	1,785
2012	5,495,000	5,195,000	10,690,000	2,435,281	3,495,379	5,930,660	16,620,660	0%	100%	9087	1,829
2011	6,045,000	6,520,000	12,565,000	2,597,909	3,483,477	6,081,386	18,646,386	0%	100%	9087	2,052
2010	6,880,000	7,795,000	14,675,000	2,755,584	4,142,174	6,897,758	21,572,758	0%	100%	9087	2,374
2009	7,695,000	9,025,000	16,720,000	2,908,459	4,780,867	7,689,326	24,409,326	0%	100%	10500	2,325

SOURCE: Incline Village General Improvement District Annual Indebtedness/Debt Management Reports/Restated for change in classification of the Community Services and Beach activities from Business-type to Governmental Type as of July 1, 2015.

Note: All outstanding bonds carry a revenue pledge, some 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, 2018 Applicable Net Debt
Washoe County	\$ 137,836,000	\$ 41,116,000	10.36154%	\$ 10,021,678
Washoe County School District	709,722,000	-	10.36154%	73,538,105
State of Nevada	1,358,070,000	296,840,000	1.46105%	15,505,094
Total	2,205,628,000	337,956,000		99,064,878
Indine Village GID	6,966,604	6,966,604		-
Total	\$ 2,212,594,604	\$ 344,922,604		\$ 99,064,878
Applicable Net Debt June 30:				
	2017			\$ 77,387,251
	2016			73,677,678
	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

*Percentage Applicable based on Assessed Valuation as reported by the Nevada Department of Taxation

SOURCE: Washoe County Comptrollers Office and Nevada Department of Taxation

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Indine Village General Improvement District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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
2018	\$ 11,925,557	\$ 7,139,740	\$ 127,300	\$ 4,913,117	\$ 643,135	7.64
2017	11,813,170	6,783,853	78,554	5,107,871	643,133	7.94
2016	11,158,119	6,804,140	149,326	4,503,305	636,808	7.07
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

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
2018	\$ 22,730,797	\$ 17,757,174	\$ 71,591	\$ 5,045,214	\$ 1,291,577	3.91
2017	24,617,436	17,507,218	29,686	7,139,904	1,290,472	5.53
2016	20,666,327	16,347,129	69,701	4,388,899	1,289,263	3.40
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

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)**

Year	Governmental Type Debt Service Expenditures	Business Type Debt Service Expenditures	Total District Debt Service Expenditures	Total Governmental Type Expenditures	Total Business Type Expenses	Ratio Debt Service to Governmental Type Expenditures	Ratio Debt Service to Business Type Expenses
2018	\$ 1,291,577	\$ 643,135	\$ 1,934,712	\$ 25,781,941	\$ 10,113,371	5.01%	6.36%
2017	1,290,472	643,135	1,933,607	25,261,963	9,729,775	5.11%	6.61%
2016	1,289,263	636,808	1,926,071	24,654,345	9,901,095	5.23%	6.43%
2015	2,028,342	636,781	2,665,123	23,737,353	9,442,666	8.54%	6.74%
2014	2,025,584	636,956	2,662,540	21,583,120	9,029,675	9.39%	7.05%
2013	2,353,561	965,108	3,318,669	21,455,696	8,480,954	10.97%	11.38%
2012	2,385,541	1,010,929	3,396,470	21,688,127	8,404,350	11.00%	12.03%
2011	2,586,856	1,013,922	3,600,778	27,282,236	8,568,015	9.48%	11.83%
2010	2,682,739	1,016,046	3,698,785	23,236,154	8,815,457	11.55%	11.53%
2009	2,680,590	1,023,052	3,703,642	28,231,605	8,781,474	9.49%	11.65%

SOURCE: Incline Village General Improvement District Comprehensive Annual Financial Reports

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
2018	\$ 1,623,315,601	\$ 811,657,801	\$ 6,966,604	\$ 804,691,197
2017	1,532,912,733	766,456,367	8,649,365	757,807,002
2016	1,484,624,556	742,312,278	10,254,595	732,057,683
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

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 Income ²</u>	<u>Housing Units</u>	<u>Occupied Housing Units</u>	<u>Housing Seasonal Use</u>	<u>Reno-Sparks Unemployment Rate ²</u>
2018	9087						3.5%
2017	9087						4.0%
2016	9087						5.9%
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%
2000 ¹	9952	42.1	\$36,658	7,664	4,176	2,957	4.0%

1 Based on actual Census Data

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Principal Employers - Incline Village and Crystal Bay
Current Fiscal Year and Past Years as Available (unaudited)

Employer	2018 Ranking	Rank 2017	Rank 2016	Rank 2015	Rank 2014	Rank 2013	Rank 2012	Rank 2011
HYATT LAKE TAHOE RESORT	1	1	1	1	1	1	1	1
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	2	2	2	2	2	2	2	2
GRAND LODGE CASINO AT HYATT (and predecessors)	3	4	4	5		5	5	6
TAHOE BILTMORE	4	7			3	8	6	7
SIERRA NEVADA COLLEGE	5	3	3	4	4	3	3	5
RALEY'S	6	9	6	6	6	9	7	8
CRYSTAL BAY CLUB CASINO	7	5	7		5	6	4	4
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	8	8	8	9	7		9	9
TAHOE FOREST HOSPITAL HEALTH	9		10	10	9	10	10	
WASHOE COUNTY SCHOOL DISTRICT	10							
ACE TOTAL SERVICES INC (Excel)		6	5	3		7	8	
KELLY BROTHERS PAINTING INC.		10	9	8				
ASSOCIATED MANAGEMENT INC.					10			
CAL_NEVA LODGE					8			10
Single Residence Project Employers:								
BOC-NEVADA, INC.						4		3
BLUE ROCK DEVELOPMENT				7				

SOURCE: Nevada Department of Employment, Training and Rehabilitation (DETR)
 DETR indicates the methodology for determining rankings has changed year on 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)**

	<u>Budget year ending June 30</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Golf	Seasonal/Part Time Positions	113.8	117.9	105.2	107.2	97.5	103.5	72.3	68.5	68.0	67.0
	Season/Part Time FTE	38.4	38.4	35.0	37.0	35.3	36.8	27.4	29.1	28.8	29.4
	Full Time FTE	11.6	11.0	7.9	7.2	6.7	6.8	6.99	8.1	9.6	10.5
	Total FTE	50.0	49.4	42.9	44.2	42.0	43.6	34.39	37.16	38.4	39.9
Facilities	Seasonal/Part Time Positions	0.3	0.3	1.7	1.7	16.5	2.0	1.8	1.5	0.5	2.0
	Season/Part Time FTE	0.1	0.1	1.2	1.2	3.6	1.0	1.0	0.7	0.1	0.4
	Full Time FTE	1.3	1.2	1.1	1.1	3.4	2.0	1.1	1.0	2.5	2.0
	Total FTE	1.4	1.3	2.3	2.3	7.0	3.0	2.1	1.8	2.6	2.4
Ski	Seasonal/Part Time Positions	281.5	273.5	254.0	254.0	247.0	193.0	216.0	225.0	218.0	218.0
	Season/Part Time FTE	54.4	50.6	46.7	46.0	49.6	33.6	41.8	39.3	39.7	39.6
	Full Time FTE	16.4	15.2	14.5	14.4	11.7	9.8	12.8	9.6	10.5	10.6
	Total FTE	70.8	65.8	61.2	60.4	61.3	43.4	54.6	48.9	50.2	50.2
Parks & Recreation	Seasonal/Part Time Positions	91.5	91.0	102.3	103.4	94.3	101.8	100.9	103.3	106.5	108.6
	Season/Part Time FTE	24.9	24.8	25.0	25.5	25.9	27.7	28.4	28.6	29.8	30.4
	Full Time FTE	10.1	10.1	10.1	9.8	9.0	11.8	11.8	12.3	14.5	14.3
	Total FTE	36.0	35.9	35.1	35.3	34.9	39.5	40.4	40.9	44.4	44.6
Marketing	Seasonal/Part Time Positions	2.0	2.0	2.0	2.0	0.0	2.0	2.0	2.0	2.0	2.0
	Season/Part Time FTE	0.3	0.3	0.3	0.3	0.0	0.7	0.7	0.7	0.7	0.7
	Full Time FTE	2.8	2.8	2.9	2.9	3.0	2.0	3.0	3.0	3.0	3.0
	Total FTE	3.1	3.1	3.2	3.2	3.0	2.7	3.7	3.7	3.7	3.7
Food & Beverage	Seasonal/Part Time Positions	After 2013 Included					57.0	59.0	53.0	59.0	59.0
	Season/Part Time FTE	in Ski & Golf					14.4	14.3	18.1	18.9	18.8
	Full Time FTE						4.0	5.0	5.3	5.6	5.6
	Total FTE						18.4	19.3	23.4	24.5	24.4
Other Recreation	Seasonal/Part Time Positions	4.8	4.8	4.8	2.8	0.8	3.1	3.2	3.2	Prior to 2011 Other Recreation were included in Parks and Recreation.	
	Season/Part Time FTE	1.8	1.8	1.8	1.4	0.1	1.1	1.6	1.6		
	Full Time FTE	1.4	0.9	1.0	1.6	1.6	1.8	2.4	1.4		
	Total FTE	3.2	2.7	2.8	3.0	1.7	2.9	4.0	3.0		
Total Community Service	Seasonal/Part Time Positions	502.0	497.5	467.9	469.0	456.1	462.4	456.1	459.5	454.5	455.6
	Season/Part Time FTE	121.6	117.7	109.6	111.1	114.5	115.3	116.4	116.1	118.2	119.3
	Full Time FTE	40.9	38.5	34.7	34.1	35.4	38.2	41.7	41.2	46.4	46.1
	Total FTE	162.5	156.2	144.3	145.2	149.9	153.5	158.1	157.2	164.5	165.4
Beach	Seasonal/Part Time Positions	97.4	99.0	96.9	94.0	89.0	88.1	90.6	86.6	95.6	93.5
	Season/Part Time FTE	18.7	18.4	18.0	17.3	14.3	13.2	12.4	11.2	14.4	13.8
	Full Time FTE	3.9	3.9	4.0	3.0	2.8	2.1	2.5	3.1	3.7	3.1
	Total FTE	22.6	22.3	22.0	20.3	17.1	15.3	14.9	14.3	18.1	16.9
Administration	Seasonal/Part Time Positions	4.0	0.0	1.0	1.0	2.0	2.0	3	4.0	4.0	4.0
	Season/Part Time FTE	1.5	0.0	0.5	0.4	0.4	0.3	0.9	1.2	1.2	1.2
	Full Time FTE	21.8	22.8	22.7	20.7	22.6	20.7	20.2	21.2	21.2	21.2
	Total FTE	23.3	22.8	23.2	21.1	23.0	21.0	21.1	22.4	22.4	22.4
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	0.3	0.3	0.3	0.2	0.2	0.2
	Full Time FTE	3.8	3.8	3.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
	Total FTE	4.1	4.1	4.1	3.1	3.1	3.1	3.1	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	0.0	0.0
	Season/Part Time FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Full Time FTE	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0
	Total FTE	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0
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	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
	Total FTE	5.5	5.5	5.5	5.5	4.5	4.5	4.5	4.5	4.5	4.5
Utilities	Seasonal/Part Time Positions	5.0	5.0	5.0	3.0	3.0	2.0	2.0	1.0	2.0	2.0
	Season/Part Time FTE	3.4	3.4	3.3	1.2	1.0	0.7	0.7	0.0	0.7	0.7
	Full Time FTE	31.2	31.2	31.2	31.2	31.2	30.2	31.2	31.3	31.7	31.7
	Total FTE	34.6	34.6	34.5	32.4	32.2	30.9	31.9	31.3	32.4	32.4
District Wide	Seasonal/Part Time Positions	610.4	603.5	572.8	569.0	552.1	556.5	553.7	561.1	558.1	557.1
	Season/Part Time FTE	146.0	140.3	132.2	130.8	131.0	130.3	131.2	129.2	135.2	135.7
	Full Time FTE	113.6	112.2	108.4	102.8	104.8	104.0	108.4	109.6	116.8	115.9
	Total FTE	259.6	252.5	240.6	233.6	235.8	234.3	239.6	238.8	252.0	251.6

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water	Locations	4,270	4,251	4,243	4,234	4,229	4,223	4,217	4,217	4,216	4,217
Sewer	Locations	4,178	4,160	4,152	4,144	4,139	4,124	4,121	4,118	4,116	4,115
Refuse	Locations	4,345	4,338	4,177	4,162	4,138	4,151	4,149	4,233	4,233	3,671
Championship Course	Rounds played	23,139	21,353	22,881	23,142	23,784	23,744	22,860	20,417	21,841	24,409
Mountain Course	Rounds played	17,111	15,209	15,687	14,983	14,570	13,129	13,556	13,386	15,748	17,820
Beach	Individual visits	189,291	186,146	171,772	172,628	173,963	165,089	165,387	155,671	128,241	159,827
Tennis	Individual visits	13,630	14,683	14,823	14,129	13,337	13,009	14,398	14,080	12,333	14,494
Skier	Individual visits	120,847	160,613	167,064	84,568	93,935	103,397	98,818	131,371	126,867	100,709
Recreation Center	Individual visits	123,561	121,598	115,662	126,799	130,887	125,294	124,356	119,459	125,629	133,153

SOURCE: Incline Village General Improvement District

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Ski	\$ (83)	\$ (36)	\$ 13	\$ (27)	\$ (20)	\$ (88)	\$ (35)	\$ 151	\$ 22	\$ 41
Tennis	20	18	16	9	21	6	18	15	19	12
Parks	117	117	97	108	86	102	200	120	131	136
Recreation Center	268	269	197	241	204	241	112	118	106	104
Championship Golf	97	83	126	81	75	87	47	30	38	6
Mountain Golf	62	54	69	31	29	40	20	22	21	45
Beaches	125	100	100	100	100	100	115	100	113	155
Youth	26	26	24	21	20	15	25	22	22	19
Seniors	20	20	19	12	19	16	20	23	26	11
Adult Programs	-	-	-	1	1	2	2	3	4	1
Catering	-	-	-	-	(13)	(8)	26	(2)	(6)	(18)
Facilities	56	57	47	46	52	35	33	48	33	43
Reserves for Recreation	-	-	-	-	49	75	40	-	-	-
Golf/Tennis/Ski Bonds	-	-	-	85	85	85	85	85	85	85
Ski Lodge Bond	110	110	110	110	110	110	110	110	110	110
Defensible Space	12	12	12	12	12	12	12	12	12	-
Coverage sales	-	-	-	-	-	-	-	(27)	-	-
Other/Undassified	-	-	-	-	-	-	-	-	-	10
Total	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 736	\$ 760
Total Collected (in 1,000's)	\$ 6,746	\$ 6,747	\$ 6,746	\$ 6,746	\$ 6,742	\$ 6,737	\$ 6,819	\$ 6,850	\$ 5,992	\$ 6,132

Bracketed amounts represent a venue that does not 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
2018	\$ 30.84	\$ 0.93	\$ 52.76	\$ 3.10
2017	29.82	0.95	51.45	3.00
2016	28.86	0.97	49.83	2.90
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

The District charges an excess-use rate above normal demand
Rate changes are considered for implementation May each year.
In 2013 the changes 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
2018	633	282	915
2017	604	256	860
2016	594	255	849
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

Source: IVGID Utilities Billing Department

INCLINE VILLAGE
GENERAL IMPROVEMENT DISTRICT

COMPLIANCE SECTION



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, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 30, 2018.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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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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.

A handwritten signature in black ink that reads "Ede Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 30, 2018



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, 2018, 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.

Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 1E to the financial statements.

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, 2017.

Prior Year Recommendations

There were no findings for the year ended June 30, 2017.

Current Year Recommendations

We noted no material weaknesses and reported no significant deficiencies in internal control for the current year.

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

Reno, Nevada
November 30, 2018

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**GENERAL IMPROVEMENT DISTRICT
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