

**APPENDIX A**

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
AUDITED FINANCIAL STATEMENTS  
June 30, 1990**

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Board of Trustees  
Incline Village General  
Improvement District

We have examined the combined financial statements of Incline Village General Improvement District as of June 30, 1990, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1990 financial statements referred to above present fairly, in all material respects, the financial position of Incline Village General Improvement District as of June 30, 1990 and the results of its operations and the changes in cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

*William J. Crandall Chartered*

Incline Village, Nevada  
October 5, 1990

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 1990**

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Account Group</u>		<u>Totals</u>	
	<u>General</u>	<u>Debt</u>	<u>Fixed Asset</u>	<u>Enterprise</u>	<u>Internal</u>	<u>Fund Type</u>	<u>General</u>	<u>General Long</u>	<u>(Memorandum Only)</u>	
		<u>Service</u>	<u>Replacement</u>		<u>Service</u>		<u>Agency</u>	<u>Fixed Assets</u>	<u>Term Debt</u>	<u>1990</u>
<b>Assets</b>										
Cash and temporary investments (notes 1 & 8)	\$362,256	\$ 280,790	\$ -	\$12,266,091	\$ 597,457	\$ -	\$ -	\$ -	\$13,506,594	\$14,403,500
Receivables										
Taxes	37,502	-	-	-	-	-	-	-	37,502	69,510
Assessments	-	577,553	-	-	-	-	-	-	577,553	676,587
Interest & penalties	-	-	-	11,687	-	-	-	-	11,687	-
Accounts receivable (note 1)	34,940	-	-	564,156	-	-	-	-	599,096	349,321
Interest on investments	272,879	-	-	-	-	-	-	-	272,879	315,660
Recreation charges	-	-	-	2,131,193	-	-	-	-	2,131,193	2,176,059
Due from/to other funds	7,805	-	-	19,010	-	-	-	-	26,815	8,401
Prepaid expenses	21,983	-	-	146,659	6,128	-	-	-	174,770	8,785
Deposits	29,761	-	-	344,899	-	-	-	-	374,660	352,821
Inventory of supplies (note 1)	-	-	-	202,374	58,531	-	-	-	260,905	38,769
Restricted assets-temporary investments										
Cash restricted for construction	-	-	-	234,716	-	-	-	-	234,716	2,225
Debt service reserve	-	-	-	203,368	-	-	-	-	203,368	2,435,139
Revenue bond debt service	-	-	-	27,931	-	-	-	-	27,931	27,931
Revenue bond reserve	-	-	-	776,310	-	-	-	-	776,310	827,234
Fixed assets, net of accumulated depreciation	-	-	-	36,170,269	530,360	-	3,780,352	-	40,480,981	39,429,015
Deferred compensation plan investment accounts	-	-	-	-	-	225,573	-	-	225,573	214,275
Unamortized bond issue and discount costs	-	6,276	-	302,307	-	-	-	-	308,583	361,323
Amount available in Debt Service Funds (note 1)	-	-	-	-	-	-	-	537,000	537,000	647,000
<b>Total assets</b>	<b>\$767,126</b>	<b>\$ 864,619</b>	<b>\$ -</b>	<b>\$53,400,970</b>	<b>\$1,192,476</b>	<b>\$225,573</b>	<b>\$3,780,352</b>	<b>\$537,000</b>	<b>\$60,768,116</b>	<b>\$62,343,555</b>

A-2

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 1990

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type Agency	Account Group		Totals (Memorandum Only)	
	General	Debt	Fixed Asset	Enterprise	Internal		General Fixed Assets	General Long Term Debt	1990	1989
		Service	Replacement		Service					
<b>Liabilities</b>										
Accounts payable	\$ 31,953	\$ 60,789	\$ -	\$ 473,226	\$ 28,110	\$ -	\$ -	\$ -	\$ 594,078	\$ 512,224
Accrued liabilities	70,061	-	-	307,478	13,471	-	-	-	391,010	293,063
Deferred revenue	12,399	403,038	-	2,112,361	-	-	-	-	2,527,798	2,609,012
Due to other funds	-	7,825	-	-	19,010	-	-	-	26,835	8,401
Refundable deposits	7,189	-	-	168,318	-	-	-	-	175,507	63,240
Unclaimed bonds and interests	-	800	-	27,931	-	-	-	-	28,731	69,003
Accrued interest payable	-	-	-	241,036	-	-	-	-	241,036	284,760
Current maturities of long-term debt (note 3)	-	-	-	540,000	-	-	-	-	540,000	2,650,000
Deferred credits	-	-	-	65,612	-	-	-	-	65,612	72,833
Deferred compensation plan benefits payable	-	-	-	-	-	225,573	-	-	225,573	214,275
Long-term debt and serial bonds (note 3)	-	-	-	7,960,000	-	-	-	537,000	8,497,000	9,147,000
<b>Total liabilities</b>	<u>121,602</u>	<u>472,452</u>	<u>-</u>	<u>11,895,962</u>	<u>60,591</u>	<u>225,573</u>	<u>-</u>	<u>537,000</u>	<u>13,313,180</u>	<u>15,923,811</u>
<b>Fund equity</b>										
Contributed capital (note 5)	-	-	-	20,466,435	800,000	-	-	-	21,266,435	21,657,414
Investment in general fixed assets	-	-	-	-	-	-	3,780,352	-	3,780,352	3,717,139
Unreserved retained earnings	-	-	-	21,038,573	331,885	-	-	-	21,370,458	17,583,548
<b>Fund balance</b>										
Reserved for debt service	-	537,000	-	-	-	-	-	-	537,000	647,000
Reserved for special assessment bond security	613,000	-	-	-	-	-	-	-	613,000	613,000
Reserved for timber stand improvements	-	-	-	-	-	-	-	-	-	5,921
Unreserved	32,524	(144,833)	-	-	-	-	-	-	(112,309)	2,195,722
<b>Total fund equity</b>	<u>645,524</u>	<u>392,167</u>	<u>-</u>	<u>41,505,008</u>	<u>1,131,885</u>	<u>-</u>	<u>3,780,352</u>	<u>-</u>	<u>47,454,936</u>	<u>46,419,744</u>
<b>Total liabilities and fund equity</b>	<u>\$767,126</u>	<u>\$ 864,619</u>	<u>\$ -</u>	<u>\$53,400,970</u>	<u>\$1,192,476</u>	<u>\$225,573</u>	<u>\$3,780,352</u>	<u>\$537,000</u>	<u>\$60,768,116</u>	<u>\$62,343,555</u>

See notes to financial statements

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Combined Statement of Revenue, Expenditures and Changes in Fund Balances  
All Governmental Fund Types  
Year Ended June 30, 1990

	Governmental Fund Types			Totals	
	General	Debt Service	Fixed Asset Replacement	(Memorandum Only)	
				1990	1989
<b>Revenue</b>					
Taxes and special assessments (note 1)	\$ 177,390	\$ 111,770	\$ -	\$ 289,160	\$ 251,794
Interest earned	56,000	38,799	176,319	271,118	262,590
Intergovernmental					
Supplemental CCRT	556,537	-	-	556,537	464,644
Motor vehicle privilege tax	53,289	-	-	53,289	53,920
Miscellaneous	446	-	-	446	3,264
Total revenues	<u>843,662</u>	<u>150,569</u>	<u>176,319</u>	<u>1,170,550</u>	<u>1,036,212</u>
<b>Expenditures</b>					
Wages and benefits (note 6)	750,042	-	-	750,042	588,220
Services and supplies (note 1)	292,402	-	-	292,402	251,177
Legal and audit	48,575	-	-	48,575	33,157
Utilities	28,155	-	-	28,155	24,662
Bond principal retirement	-	110,000	-	110,000	158,000
Bond discount and issue costs	-	1,622	-	1,622	1,721
Interest	-	45,395	-	45,395	55,371
Capital outlay	65,548	-	-	65,548	232,802
Uncollectible assessment expense	-	-	-	-	-
Total expenditures	<u>1,184,722</u>	<u>157,017</u>	<u>-</u>	<u>1,341,739</u>	<u>1,345,110</u>
Excess of revenue over (under) expenditures	(341,060)	(6,448)	176,319	(171,189)	(308,898)
<b>Other financing sources (uses)</b>					
Gain on sale of assets	874	-	-	874	-
Operating transfers in (out)	<u>254,910</u>	<u>(332,228)</u>	<u>(2,176,319)</u>	<u>(2,253,637)</u>	<u>240,047</u>
Excess of expenditures and other uses over revenues and other financing sources	<u>(85,276)</u>	<u>(338,676)</u>	<u>(2,000,000)</u>	<u>(2,423,952)</u>	<u>(68,851)</u>
<b>Fund balance - July 1</b>					
Reserved	618,921	647,000	-	1,265,921	805,000
Unreserved	<u>111,879</u>	<u>83,843</u>	<u>2,000,000</u>	<u>2,195,722</u>	<u>2,725,494</u>
Total	<u>730,800</u>	<u>730,843</u>	<u>2,000,000</u>	<u>3,461,643</u>	<u>3,530,494</u>
<b>Fund balance - June 30</b>					
Reserved	613,000	537,000	-	1,150,000	647,000
Unreserved	<u>32,524</u>	<u>(144,833)</u>	<u>-</u>	<u>(112,309)</u>	<u>2,814,643</u>
Total fund balance	<u>\$ 645,524</u>	<u>\$ 392,167</u>	<u>\$ -</u>	<u>\$1,037,691</u>	<u>\$3,461,643</u>

See notes to financial statements

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**Combined Statement of Revenue, Expenditures and Changes in Fund Balances  
Budget and Actual - General and Fixed Asset Replacement Funds  
Year Ended June 30, 1990**

	General Fund			Fixed Asset Replacement Fund			Totals (Memorandum Only)		
	Augmented Budget	Actual	Variance - Favorable (Unfavorable)	Augmented Budget	Actual	Variance - Favorable (Unfavorable)	Augmented Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenue</b>									
Ad valorem taxes (note 1)	\$ 189,396	\$ 177,390	\$ (12,006)	\$ -	\$ -	\$ -	\$ 189,396	\$ 177,390	\$ (12,006)
Intergovernmental									
Supplemental CCRT	516,620	556,537	39,917	-	-	-	516,620	556,537	39,917
Motor vehicles privilege tax	40,000	53,289	13,289	-	-	-	40,000	53,289	13,289
Interest earned	34,500	56,000	21,500	158,420	176,319	17,899	192,920	232,319	39,399
Miscellaneous	3,170	446	(2,724)	-	-	-	3,170	446	(2,724)
<b>Total revenue</b>	<b>783,686</b>	<b>843,662</b>	<b>59,976</b>	<b>158,420</b>	<b>176,319</b>	<b>17,899</b>	<b>942,106</b>	<b>1,019,981</b>	<b>77,875</b>
<b>Expenditures</b>									
Salaries and wages	614,000	563,802	50,198	-	-	-	614,000	563,802	50,198
Taxes and benefits	170,530	186,240	(15,710)	-	-	-	170,530	186,240	(15,710)
Services and supplies	307,150	293,402	14,748	-	-	-	307,150	293,402	14,748
Utilities	22,000	28,155	(6,155)	-	-	-	22,000	28,155	(6,155)
Capital outlay	84,025	65,548	18,477	-	-	-	84,025	65,548	18,477
Legal and audit	28,000	48,575	(20,575)	-	-	-	28,000	48,575	(20,575)
<b>Total expenditures</b>	<b>1,225,705</b>	<b>1,184,722</b>	<b>40,983</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,225,705</b>	<b>1,184,722</b>	<b>40,983</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(442,019)</b>	<b>(341,060)</b>	<b>100,959</b>	<b>158,420</b>	<b>176,319</b>	<b>17,899</b>	<b>(283,599)</b>	<b>(164,741)</b>	<b>118,858</b>
<b>Other financing sources (uses)</b>									
Sale of assets	-	874	874	-	-	-	-	874	874
Operating transfers in	606,721	587,137	(19,584)	-	-	-	606,721	587,137	(19,584)
Operating transfers out	(250,000)	(332,227)	(82,227)	(2,158,420)	(2,176,319)	17,899	(2,408,420)	(2,508,546)	(100,126)
<b>Total other financing sources (uses)</b>	<b>356,721</b>	<b>255,784</b>	<b>(100,937)</b>	<b>(2,158,420)</b>	<b>(2,176,319)</b>	<b>17,899</b>	<b>(1,801,699)</b>	<b>(1,920,535)</b>	<b>(118,836)</b>
<b>Excess of revenue and other sources over expenditures and other uses</b>	<b>(85,298)</b>	<b>(85,276)</b>	<b>22</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>	<b>-</b>	<b>(2,085,298)</b>	<b>(2,085,276)</b>	<b>22</b>
<b>Fund balance - July 1</b>	<b>730,800</b>	<b>730,800</b>	<b>-</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>-</b>	<b>2,730,800</b>	<b>2,730,800</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ 645,502</b>	<b>\$ 645,524</b>	<b>\$ 22</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 645,502</b>	<b>\$ 645,524</b>	<b>\$ 22</b>

A-5

See notes to financial statement

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Combined Statement of Revenue, Expenses and  
Changes in Retained Earnings  
All Proprietary Fund Types  
Year Ended June 30, 1990

	<u>Proprietary Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>1990</u>	<u>1989</u>
Operating revenue				
Sales and fees (note 1)	\$ 7,510,121	\$1,337,937	\$ 8,848,058	\$ 7,984,641
Recreation charge assessments	1,895,572	-	1,895,572	1,675,950
Capital improvement fee	410,471	-	410,471	373,711
Grants	41,474	-	41,474	180,127
Total operating revenue	<u>9,857,638</u>	<u>1,337,937</u>	<u>11,195,575</u>	<u>10,214,429</u>
Operating expense				
Wages and benefits	3,386,092	503,115	3,889,207	3,318,682
Services and supplies	2,846,167	807,781	3,653,948	2,582,311
Legal and audit	57,079	-	57,079	62,776
Utilities	1,161,377	-	1,161,377	1,170,669
Depreciation	1,973,194	84,938	2,058,132	1,969,568
Uncollectible accounts expense	-	-	-	-
Total operating expenses	<u>9,423,909</u>	<u>1,395,834</u>	<u>10,819,743</u>	<u>9,104,006</u>
Operating profit (loss)	<u>433,729</u>	<u>(57,897)</u>	<u>375,832</u>	<u>1,110,423</u>
Non-operating revenue (expenses)				
Gain on sale of assets	32,579	1,201	33,780	51,500
Interest earned on investments	1,072,195	52,463	1,124,658	1,139,398
Amortization of deferred credits	7,298	-	7,298	7,222
Amortization of bond discount and issue cost	(51,793)	-	(51,793)	(147,666)
Interest expense	(678,855)	-	(678,855)	(736,111)
Miscellaneous revenue	101,838	-	101,838	30,715
Miscellaneous expenses	(28,678)	-	(28,678)	(61,942)
Golf lease buyout	(150,000)	-	(150,000)	-
Total non-operating revenue (expenses)	<u>304,584</u>	<u>53,664</u>	<u>358,248</u>	<u>283,116</u>
Income (loss) before operating transfers	738,313	(4,233)	734,080	1,393,539
Operating transfers in (out)	<u>2,248,275</u>	<u>5,364</u>	<u>2,253,639</u>	<u>(240,045)</u>
Net earnings	<u>2,986,588</u>	<u>1,131</u>	<u>2,987,719</u>	<u>1,153,494</u>
Depreciation on fixed assets acquired with grants	<u>799,191</u>	<u>-</u>	<u>799,191</u>	<u>811,158</u>
Increase in retained earnings	3,785,779	1,131	3,786,910	1,964,652
Retained earnings - July 1	<u>17,252,794</u>	<u>330,754</u>	<u>17,583,548</u>	<u>15,618,896</u>
Retained earnings - June 30	<u>\$21,038,573</u>	<u>\$ 331,885</u>	<u>\$21,370,458</u>	<u>\$17,583,548</u>

See notes to financial statements



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Combined Statement of Cash Flows (Continued)  
All Proprietary Fund Types  
For Year Ended June 30, 1990

	Proprietary Fund Types		Totals	
	Enterprise	Internal	(Memorandum Only)	
		Service	1990	1989
Cash flows from investing activities (continued)				
Purchase inventories	\$ (7,151)	\$ -	\$ (7,151)	\$ (31,911)
Addition to buildings and structures	(649,926)	-	(649,926)	(10,272)
Addition to equipment, furniture, and fixtures	(800,388)	(187,769)	(988,157)	(1,085,799)
Addition to vehicles	-	(60,256)	(60,256)	(152,657)
(Increase)/decrease in construction deposits	(19,790)	-	(19,790)	(109,933)
Sale of assets	32,579	4,917	37,496	51,500
Net cash used by investing activities	(807,696)	(243,108)	(1,050,804)	(2,410,732)
Cash flows from non-capital financing activities				
Proceeds from bonds issued	-	-	-	2,120,000
Discount on bond issue	-	-	-	(26,500)
Bond issuance costs	-	-	-	(69,358)
Bond principal payments	(2,650,000)	-	(2,650,000)	(570,000)
Bond refunding escrow payment	-	-	-	(2,231,729)
Net cash (used) provided by non-capital financing activities	(2,650,000)	-	(2,650,000)	(777,587)
Cash flows from capital and related financing activities				
Contributed capital	21,493	-	21,493	12,345
Contribution - other funds	515,627	-	515,627	30,000
Transfer to other funds	(19,020)	-	(19,020)	-
Net cash provided by capital and related financing activities	518,110	-	518,110	42,345
Net increase/(decrease) in cash and cash equivalents	1,660,979	(155,380)	1,505,599	363,598
Cash and cash equivalents, July 1	10,605,112	752,837	11,357,949	10,994,351
Cash and cash equivalents, June 30	\$12,266,091	\$597,457	\$12,863,548	\$11,357,949

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Combined Statement of Cash Flows  
All Proprietary Fund Types  
Year Ended June 30, 1990

	<u>Proprietary Fund Types</u>		<u>Totals</u> (Memorandum Only)	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>1990</u>	<u>1989</u>
Cash flow from operating activities				
Net earnings	\$ 3,785,779	\$ 1,131	\$ 3,786,910	\$ 1,964,652
Non-cash expenses, revenues, losses, and gains				
Depreciation	1,916,116	84,938	2,001,054	1,969,568
Amortization of bond discount and issue costs	51,117	-	51,117	147,665
Amortization of contributed capital	(799,191)	-	(799,191)	(811,158)
Amortization of refunding gain	(7,221)	-	(7,221)	(7,222)
(Increase)/decrease in accounts receivable, net	(220,653)	1,030	(219,623)	158,411
Increase in due from/to other funds	-	19,010	19,010	-
(Increase)/decrease in recreation charges receivable	44,866	-	44,866	(144,061)
(Increase)/decrease in penalty and interest receivable	(11,687)	-	(11,687)	82,923
(Increase)/decrease in inventory	(191,921)	(30,215)	(222,136)	1,834
(Increase)/decrease in prepaid expenses	(137,874)	(6,128)	(144,002)	2,245
Increase in accounts payable	72,189	21,349	93,538	37,260
Increase in accrued liabilities	90,386	1,530	91,916	25,596
Increase/(decrease) in accrued interest	(43,724)	-	(43,724)	(3,526)
Increase/(decrease) in deferred revenue	(27,221)	-	(27,221)	234,450
Increase/(decrease) in customer deposits	112,183	-	112,183	(26,049)
Gain on sales of assets	<u>(32,579)</u>	<u>(4,917)</u>	<u>(37,496)</u>	<u>(51,500)</u>
Net cash flow from operating activities (note 12)	<u>4,600,565</u>	<u>87,728</u>	<u>4,688,293</u>	<u>3,509,572</u>
Cash flows from investing activities				
(Increase)/decrease in cash restricted for construction	(232,491)	-	(232,491)	(2,225)
(Increase)/decrease in debt service reserve	2,231,771	-	2,231,771	14,724
Addition to revenue bond reserve	50,924	-	50,924	(76,482)
Addition to land and improvements	(778,942)	-	(778,942)	(179,566)
Addition to water system plant and lines	(254,768)	-	(254,768)	(460,202)
Addition to sewer system plant and lines	(379,514)	-	(379,514)	(367,909)

NOTES TO FINANCIAL STATEMENTS

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements  
June 30, 1990

1. Summary of Accounting Policies

The Incline Village General Improvement District operates under provisions of the Nevada Revised Statutes Chapter 318. Under the law, the District has been granted authority to provide water, sewer and refuse collection services and recreational facilities for the benefit of individuals residing within its geographical boundaries.

The accounting policies of Incline Village General Improvement District conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

Incline Village General Improvement District is located in Washoe County, Nevada, however, it is not included in the financial statements of Washoe County. For financial reporting purposes, the District includes all funds, account groups and agencies that are controlled by the District's board of trustees. Control by the District was determined on the basis of budget adoption, outstanding debt secured by revenues, or obligation of the District to finance any deficits that may occur.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five fund types, a fiduciary fund, and two account groups as follows:

GOVERNMENTAL FUNDS

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

Fixed Asset Replacement Fund - The Fixed Asset Replacement Fund is used to account for financial resources to be used for the acquisition or construction of major fixed assets.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)

June 30, 1990

Note 1 (Continued)

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest for which the District is either primarily or secondarily liable.

PROPRIETARY FUNDS

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUND

Agency Fund - The Agency Fund is used to account for assets held by the District in a fiduciary capacity relating to the deferred compensation plans offered to employees.

ACCOUNT GROUPS

General Fixed Assets Group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The fixed asset account group is not a "fund". It is concerned only with the reporting of financial position. It is not involved with the reporting of results of operations.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 1 (Continued)

Fixed assets used in proprietary fund type operations are accounted for in their respective proprietary funds rather than in a separate account group like governmental fund types. Depreciation of all exhaustible fixed assets by proprietary funds is charged as an expense against their operations.

Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method.

General Long-Term Debt - This is not a fund but rather an account group used to account for the outstanding principal balances of serial bonds for which the District is liable and which are not reported in proprietary funds.

C. Reclassification of Item

Some items presented in the current year's financial reports have been reclassified from prior year's presentation to allow for comparative presentation.

D. Basis of Accounting

Basis of accounting refers to when revenues, expenses and expenditures are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are reported in the financial statements when the amount is determinable and available to finance operations of the current period being reported or within a short period thereafter. The following primary sources of revenue are considered susceptible to accrual under the modified accrual method of accounting:

- . Ad valorem taxes
- . Supplemental city/county relief taxes
- . Interest earned on investments

Ad valorem taxes are considered "reportable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)

June 30, 1990

Note 1 (continued)

Expenditures are generally reported under the modified accrual basis of accounting when the obligation has been incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The District records quarterly utility billings in advance. The revenues are recorded as deferred income and are recognized over the next quarter as they are earned.

E. Budgets and Budgetary Accounting

Budgets are adopted for all governmental fund types, except debt service funds. All budgets are adopted in a modified accrual basis. The District can amend or augment the budget after following public hearing procedures.

F. Investments

The investments, totaling \$12,600,000 consist of \$12,500,000 in State Investment Pool funds and \$100,000 in money market funds at June 30, 1990. All investments are stated at cost, which approximates market value.

G. Inventory of Supplies

Inventories of the proprietary funds are stated at the lower of cost (first-in, first-out) or market.

H. Allowance for Doubtful Receivables

Utility accounts receivable are shown net of allowance for doubtful accounts of \$17,395.

I. Amortization of Deferred Charges

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)

June 30, 1990

Note 1 (continued)

J. Comparative Data

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

K. Total Columns on Combined Statements

Total columns on the combined comparative statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

L. Accounting Changes

A. Beginning with the fiscal year ended June 30, 1990, the District has reclassified Engineering from a cost center in Utility Fund to the Internal Service Fund. Also, all cost centers in the Recreation Fund, which incurred food and beverage and marketing costs, have been reclassified to Internal Service Fund. Management decided to reclassify these cost centers for tracking purposes. Accordingly, the Internal Service Fund has been restated to make these statements comparable.

B. To conform to Statement 6 of the Governmental Accounting Standards Board regarding Special Assessment Funds, the District has adopted the use of Debt Service Funds to account for the accumulation of special assessment receipts and related bond and interest payments. Accordingly, bond liabilities are recorded in the General Long-Term Debt Account Group and a fund balance reserve established in the Debt Service Funds for the same amounts. Totals for the fiscal year ended June 30, 1989 have been restated to reflect the compliance.



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 1 (Continued)

C. Statement of Cash Flows - In November 1988, the Governmental Accounting Standard Board (GASB) issued an exposure draft "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Fund Accounting" that would require a statement of cash flows instead of a statement of changes in financial position.

The new standard requires that cash flows be presented under the following four categories:

1. Operating
2. Investing
3. Non-capital financing
4. Capital and related financing

Though the change is not effective for this general purpose financial statement, the District has chosen to implement the new cash flow statement standard, which is normally encouraged.

Accordingly, comparative totals for the fiscal year ended June 30, 1989 have been restated to make the statements comparable.

2. Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1989	Additions	Reductions and Deletions	Balance June 30, 1990
Land	\$2,558,039	\$ -	\$ -	\$2,558,039
Land improvements	42,665	19,623	-	62,288
Buildings and improvements	575,612	2,634	-	578,246
Furniture and fixtures	465,192	40,956	-	506,148
Tools and equipment	22,817	-	-	22,817
Communication equipment	<u>52,814</u>	<u>-</u>	<u>-</u>	<u>52,814</u>
	<u>\$3,717,139</u>	<u>\$ 63,213</u>	<u>\$ -</u>	<u>\$3,780,352</u>
	*****	*****	*****	*****

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 2 (continued)

A summary of proprietary fund type property, plant and equipment as of June 30, 1990 follows:

	<u>Enterprise</u>		<u>Internal Service</u>
	<u>Utility Operations</u>	<u>Recreation Facilities</u>	
Land and improvements	\$ 1,552,911	\$10,044,257	\$ -
Water system plant and lines	14,177,323	-	-
Sewer system plant and lines	23,245,356	-	-
Inventory of materials and supplies	230,384	-	-
Machinery and equipment, furniture and fixtures	-	4,058,260	517,172
Vehicles	-	-	748,238
Buildings and structures	-	<u>6,154,381</u>	-
	<u>39,205,974</u>	<u>20,256,898</u>	<u>1,265,410</u>
Accumulated depreciation	<u>(16,688,426)</u>	<u>(6,604,177)</u>	<u>(735,050)</u>
	<u>\$22,517,548</u>	<u>\$13,652,721</u>	<u>\$ 530,360</u>

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

3. Long-Term Debt

Bonds outstanding as of June 30, 1990 are as follows:

<u>Special Assessment Bonds</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding</u>	<u>1990/1991 Principal</u>
Improvement Bonds, Series 78-2	07/06/78	6-1/4% - 7-3/4%	07/01/93	\$ 164,159	\$ 38,000	\$ 9,000
Improvement Bonds, Series 78-3	07/06/78	6 - 8%	07/01/98	<u>1,856,430</u>	<u>499,000</u>	<u>55,000</u>
<b>Total Special Assessment Bonds</b>				<b>\$ 2,020,589</b>	<b>\$ 537,000</b>	<b>\$ 64,000</b>
<u>Special Obligation Bonds</u>						
Recreation Refunding Bonds of 1976	08/01/76	5-1/2% - 8-1/4%	08/01/99	\$ 5,710,000	\$ 3,655,000	\$ 250,000
Recreation Improvement Revenue Bonds of 1987	08/01/87	5 1/4% - 7-3/4%	09/01/99	2,345,000	2,075,000	150,000
Utility Revenue Bonds of 1984	05/10/84	5-3/4 - 11%	05/01/94	1,300,000	650,000	140,000
Recreation Refunding Bonds of 1989	06/29/89	6.3% - 6-3/4%	09/01/99	<u>2,120,000</u>	<u>2,120,000</u>	<u>-</u>
				<b>\$11,475,000</b>	<b>\$ 8,500,000</b>	<b>\$ 540,000</b>

The following schedule reflects debt service requirements to maturity on bond debt as of June 30, 1990:

<u>Fiscal Year June 30,</u>	<u>Bond Debt Supported By Special Assessment</u>		<u>Bond Debt Supported By Utility Fund Revenues</u>		<u>Bond Debt Supported By Recreation Fund Revenues</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1991	\$ 64,000	\$ 39,465	\$ 140,000	\$ 52,563	\$ 400,000	\$ 572,302
1992	64,000	34,665	155,000	40,312	580,000	537,277
1993	66,000	29,800	170,000	26,363	635,000	493,840
1994	66,000	24,795	185,000	10,638	675,000	446,290
1995 and later years	<u>277,000</u>	<u>56,400</u>	<u>-</u>	<u>-</u>	<u>5,560,000</u>	<u>1,409,454</u>
	<b>\$537,000</b>	<b>\$185,125</b>	<b>\$ 650,000</b>	<b>\$129,876</b>	<b>\$ 7,850,000</b>	<b>\$3,459,163</b>

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 3 (continued)

RESTRICTED ASSETS

Recreation Facilities Revenue Fund - The assets of the revenue bond debt service account and the revenue bond reserve account are held in trust by the fiscal agent, Security Pacific National Bank, and may be used only to service the Special Obligation Bonds of 1989, 1987 and 1976 in accordance with the bond indentures. These restricted assets are required to provide a measure of security for the bond holders. The District covenants to maintain Net Revenues, including the Recreation Availability of Use Charge together with other revenues available therefore, in an amount which will at all times be at least equal to 1.30 times the amount of principal and interest due on the 1989 Bonds in the next succeeding fiscal year. In the event the amount in the revenue bond reserve account is at any time less than the amount required by the bond indenture, the District must cure such deficiency by transferring funds from operating revenues. The market value of the restricted assets was approximately \$776,310 at June 30, 1990.

Utility Fund - The Debt Service Reserve Fund account is held in trust by the fiscal agent, Security Pacific National Bank, and may be used only to service the Utility Revenue Bonds of 1984, in accordance with the bond indentures. These restricted assets are required to provide a measure of security for the bond holders. The bond indenture requires that the District maintain (1) gross revenues in an amount at least sufficient to pay the annual costs of operating and maintaining the utility facilities, and (2) net revenues at least equal to 1.3 times the amount of principal and interest due on the bonds during the next succeeding fiscal year. In the event the amount in the debt service reserve fund is at any time less than the amount required by the bond indenture, the District must cure such deficiency by transferring funds from operating revenues.

There are a number of limitations and restrictions contained in the various bond indentures. The District is in compliance with all significant limitations and restrictions.

4. Debt Service Fund Balances

Certain Debt Service Funds (Debt Service Funds 78-1, 78-2 and 78-3) have a deficit in unreserved fund balance which arose because of the application of generally accepted accounting principles to the financial reporting for such funds. These funds are used to account for the accumulation of special assessment receipts to service related long-term serial bonds. Instead of recording special assessments on a year-by-year basis, the District has

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 4 (continued)

opted to record all future assessments receivable at once. However, special assessments are recognized as revenue only to the extent that individual installments are considered current assets. The deficit in these fund balances will be reduced and eliminated as deferred revenue (special assessment installments) become current assets.

5. Changes in Contributed Capital

	<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Balance, July 1, 1989	\$20,857,414	\$800,000	\$21,657,414
Add contributions	408,212	-	408,212
Less depreciation of contributed capital	<u>(799,191)</u>	<u>-</u>	<u>(799,191)</u>
Balance, June 30, 1990	\$20,466,435	\$800,000	\$21,266,435
	*****	*****	*****

6. Pension Plans

The District has two pension plans covering substantially all of their employees. Those not covered under the union pension trust fund are covered by the District's Deposit Administration Fund. The amount of the employer contribution to each fund for any month equals ten percent (10%) of the participant employee's monthly gross compensation.

7. Deferred Compensation Plan

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

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plans are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 7 (continued)

It is the opinion of the legal counsel that the District has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

8. Investments

At year end, investments consisted of \$12,500,000 in the state treasurer's investment pool, \$100,000 insured by FDIC.

Statutes authorize the District to invest in: obligations of the U.S. Government or U.S. Treasury, providing maturities are ten 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 of the State of Nevada; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days.

9. Contingencies

During 1988, a contract for the construction of a ski lift was completed except for a provision which called for the lift to be installed in such a manner as to accommodate a heavy snow season. The District's management has determined that the lift was not installed as per specifications and has withheld payment of the 10% retention of approximately \$128,000 until the contract is properly completed. As of June 30, 1990, only \$15,000 has been withheld as progress has been made in correction.

The retention amount has not been accrued in the financial statements of the District as the future payment of the retention is contingent upon the defect being corrected.

10. Operating Lease

On January 12, 1989, the District entered into a lease agreement with Minolta Leasing Division through Silver State Business Products of Sparks, Nevada. The agreement provides for a 36-month rental of the Minolta copier and accessories in the District's main office, for a monthly fee of \$466, with a \$932 advance rent deposit. The terms of the lease restricts the District from sub-leasing the equipment.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Notes to Financial Statements (Continued)  
June 30, 1990

Note 10 (continued)

OPERATING LEASE  
SCHEDULE OF MINIMUM FUTURE RENTAL PAYMENTS

Year Ended <u>June 30</u>	
1991	\$ 5,592
1992	<u>2,796</u>
Total minimum future rental payments	\$ 8,388 -----

11. Recreation Golf Course Lease

On June 8, 1989, the District entered into an agreement to terminate its golf course lease with C. B. Sports, Inc., after the close of the 1989 season. The agreement provides for the waiver of any guaranteed rent owing from O. B. Sports, Inc. and the waiver of the 1989 annual payment into the golf course improvement fund. In addition, the District is to pay O. B. Sports, Inc. \$150,000 on April 1, 1990 and April 1, 1991, respectively. Subsequent to June 30, 1990, the District obtained short-term financing from Security Pacific Bank of Nevada in the amount of \$2,925,000 for capital improvements and equipment acquisition for the golf courses.

12. Cash Flows

In addition to classifying interest paid and interest and dividends received as cash flows from operating activities, Financial Accounting Standards Board (FASB) Statement No. 95 requires that disclosure be made regarding actual interest payments.

Interest paid during the fiscal years ended June 30, 1990 and 1989 for the Proprietary Funds is as follows:

	1990	1989
Enterprise Funds		
Utility	\$ 63,613	\$ 73,512
Recreation	<u>658,966</u>	<u>666,125</u>
Total Enterprise Funds	\$ 722,579 -----	\$ 739,637 -----

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