

VIRGIN VALLEY WATER DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

INTRODUCTION SECTION	<u>Page</u>
Title Page	1
Table of Contents	2
FINANCIAL SECTION	
Report of Independent Accountants	4
Management’s Discussion and Analysis	6
Basic Financial Statements:	
Statement of Net Assets	12
Statement of Revenues, Expenses and Changes In Net Assets.....	14
Statement of Cash Flows	16
Notes to the Basic Financial Statements.....	18
Required Supplemental Information Section	
Statement of Revenues, Expenses and Changes in Net Assets-Budget and Actual	30
OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS	
Independent Certified Public Accountants’ Report on Compliance with Laws & Regulations & on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	33
Independent Certified Public Accountants’ Report on State Legal Compliance	35

FINANCIAL SECTION



MEMBERS:

CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
TODD B. FELTNER
BRENT R. HALL

TODD R. HESS
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

**Independent Auditors' Report on the
Basic Financial Statements**

Directors and Members of the Board
Virgin Valley Water District
Mesquite, Nevada

We have audited the accompanying basic financial statements of Virgin Valley Water District as of June 30, 2009, and for the year then ended, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Virgin Valley Water District, as of June 30, 2009 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2009 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 6 through 11 and 30 through 32 respectively, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Hinton, Burdick, Hall & Spilker PLLC".

HINTON, BURDICK, HALL & SPILKER, PLLC
August 31, 2009

**VIRGIN VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

The following is a discussion and analysis of Virgin Valley Water District's (District) financial performance providing an overview of the District's financial activities for the year ended June 30, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net assets) by \$58,200,773 at the close of the fiscal year.
- Total net assets increased by \$9,460,947 or 19.4%.
- Operating revenues decreased by -\$84,125 or -1.7% from \$5,031,527 to \$4,947,402.
- Operating expenses increased by \$986,232 or 19.7% from \$5,017,480 to \$6,003,712.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) Enterprise fund financial statements; and 2) Notes to the financial statements.

Enterprise fund financial statements. The District is a special purpose government and operates as an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs of providing goods and services to the general public be financed or recovered primarily through user charges. The District is financed primarily through water sales, service fees, and impact fees.

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

The *statement of revenues, expenses and changes in net assets* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The *statement of cash flows* presents information showing how the government's cash changed during the most recent fiscal year.

The basic financial statements can be found on pages 12-17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a fully understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 18-30 of this report.

**VIRGIN VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

DISTRICT FINANCIAL ANALYSIS AS A WHOLE

Net assets may serve over time as a useful indicator of the District's financial position. The District's combined assets exceed liabilities at June 30, 2009 and 2008 by \$58,200,773 and \$48,739,826, respectively. This is presented in the following condensed statement of net assets.

**Condensed Statement of Net Assets
As of June 30th**

	2009	2008
ASSETS		
Current and other assets	\$ 13,340,277	\$ 14,425,823
Restricted assets	15,619,233	26,906,665
Capital assets	75,996,660	54,879,266
Total assets	104,956,170	96,211,754
LIABILITIES		
Current and other liabilities	4,704,694	3,865,276
Long-term liabilities	42,050,703	43,606,652
Total liabilities	46,755,397	47,471,928
NET ASSETS		
Invested in capital assets, net of related debt	31,999,673	9,705,545
Restricted for bond requirements and Ordinance No. 2	15,619,233	26,906,665
Unrestricted	10,581,867	12,127,616
Total net assets	\$ 58,200,773	\$ 48,739,826

The District's net assets are comprised of three components:

Capital assets (i.e. land, buildings, operating equipment, wells, furniture and fixtures, and water rights) comprised of \$31,999,673 or 55.0% of total net assets, less any related debt outstanding that was used to acquire those assets. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Resources needed to repay capital related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Restricted net assets comprised of \$15,619,233 or 26.8% of total net assets and represents funds that are subject to restrictions on how they may be used. The restricted balance consists of two components: 1) Funds reserved for bond requirements and payments as payments come due; and 2) Fees received from Ordinance No. 2 are funds intended for the purchase of water rights.

Unrestricted net assets comprised of \$10,581,867 or 18.2% of total net assets and may be used to meet the District's obligations to customers, employees, and creditors and to honor next year's budget.

At the end of the fiscal year, the District is able to report positive balances in all three categories of net assets.

**VIRGIN VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

DISTRICT FINANCIAL ANALYSIS AS A WHOLE (Continued)

**Condensed Statement of Revenues, Expenses
and Changes in Net Assets
As of June 30th**

	<u>2009</u>	<u>2008</u>
Revenues:		
Operating revenue	\$ 4,947,402	\$ 5,031,527
Non-operating revenues	<u>11,458,344</u>	<u>9,096,075</u>
Total Revenues	<u>16,405,746</u>	<u>14,127,602</u>
Expenditures:		
Depreciation and amortization - operating expenses	1,479,195	1,417,354
Other operating expenses	4,524,517	3,600,126
Non-operating expenses	<u>941,087</u>	<u>1,187,697</u>
Total Expenses	<u>6,944,799</u>	<u>6,205,177</u>
Increase in net assets	9,460,947	7,922,425
Net assets, beginning	<u>48,739,826</u>	<u>40,817,401</u>
Net assets, ending	<u>\$ 58,200,773</u>	<u>\$ 48,739,826</u>

The District's operating revenues decreased -\$84,125 or -1.7% in fiscal 2009 over the prior year as the economy tightens and adjusts to the changes.

Total non-operating revenues incurred an overall increase in fiscal 2009 of \$2,362,269 or 26.0%. The majority of increase in non-operating revenues was the intergovernmental revenue of \$3,609,811 or 57.7% over fiscal 2008. Selected other account categories changes consisted of decreases in; interest income of -\$513,291 or -63.1%, Impact fees of -\$248,040 or -28.9%, Ordinance No. 2 fees of -\$469,446 or -46.4%.

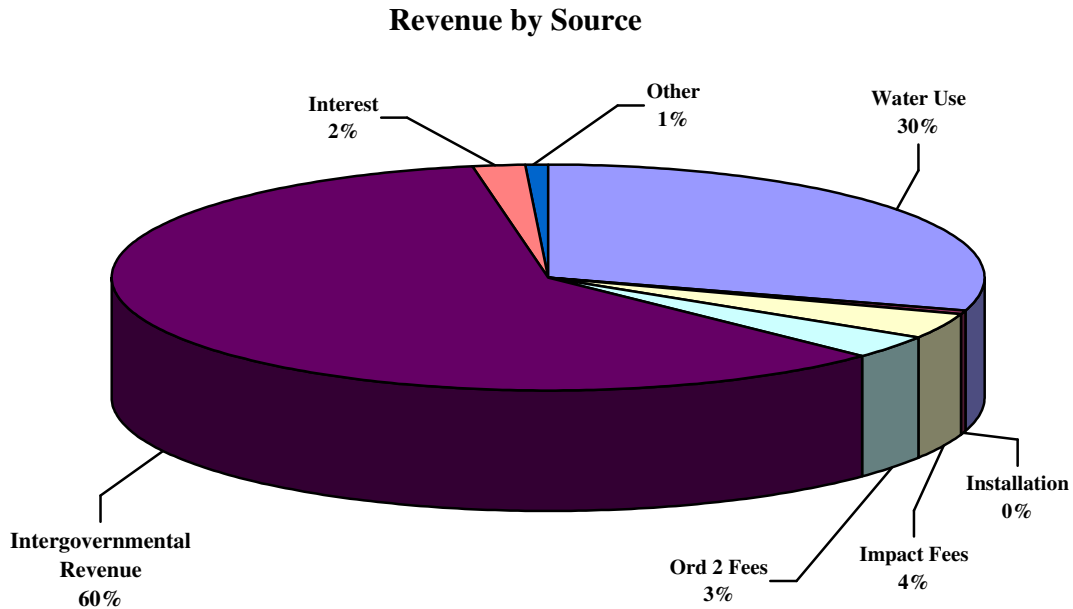
Total operating expenses increased \$986,232 or 19.7% in fiscal 2009. The primary increase in expenses was \$595,268 or 98.9% in repairs and maintenance; the balance of the increase of approximately \$390,000 or 9.0% was broken down between the other expense accounts.

Total non-operating expenses decreased -\$246,610 or -20.8% over fiscal 2008, which consisted nearly all of interest expense.

**VIRGIN VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

DISTRICT FINANCIAL ANALYSIS AS A WHOLE (Continued)

The following graph provides a breakdown of revenues by source for all District activities.



BUDGETARY HIGHLIGHTS

Over the course of the year, the Board made no revisions to the District's budget.

Since the District operates as an enterprise fund, it is only required to comply with the budget on an entity wide basis. Without any budget adjustments, the actual expenditures for the fiscal year 2009 were \$902,821 less than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District operates as an enterprise fund, which includes capitalization and depreciation of assets. Asset categories include land, buildings, water system, construction in process, equipment, and water rights. The District's capital assets (net of accumulated depreciation) as of June 30, 2009 amount to \$75,996,660, which represents an increase of \$21,117,394 or 38.5% over the prior fiscal year.

Major capital assets events and approximate costs incurred during the current fiscal year included the following:

- Construction costs for the Riverside Road Virgin River Crossing Directional Drilling project of approximately \$935,000.
- Additional construction in process costs for the arsenic treatment plants and related capitalized interest from the 2008 bond of approximately \$13,500,000 and \$800,000, respectively.

**VIRGIN VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

- Purchases of water rights consisted of approximately \$6,870,000. No debt was issued to purchase these water rights but funds had been an accumulation of current and prior years Ordinance No. 2 fees as intended by the District for such fees.

**Capital Assets
(net of accumulated depreciation)
As of June 30th**

	<u>2009</u>	<u>2008</u>
Land	\$ 161,401	\$ 161,401
Buildings and improvements	1,283,215	1,219,660
Operating equipment and wells	41,981,188	40,790,789
Furniture and fixtures	252,773	173,599
Water shares	<u>18,749,042</u>	<u>11,879,673</u>
	62,427,619	54,225,122
Less accumulated depreciation	<u>(12,526,429)</u>	<u>(11,163,639)</u>
	49,901,190	43,061,483
Construction in process	<u>26,095,470</u>	<u>11,817,783</u>
Net capital assets	<u>\$ 75,996,660</u>	<u>\$ 54,879,266</u>

Long-Term Debt

The District's long-term debt activity during fiscal year 2009 generally consisted as follows:

- Issued no new bonds for the fiscal year.
- Paid off the water revenue bonds, series 1999.

**Outstanding Debt
As of June 30th**

	<u>2009</u>	<u>2008</u>
Water revenue bonds	\$ 20,765,356	\$ 21,899,564
General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues)	23,100,000	23,100,000
Notes payable	<u>131,630</u>	<u>174,157</u>
	<u>\$ 43,996,986</u>	<u>\$ 45,173,721</u>

Additional information on the District's long-term debt can be found in the notes to the financial statements.

**VIRGIN VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Virgin Valley Water District's finances for all those with an interest in the District's finances. Questions regarding any of the information provided in this report, or requests for additional financial information should contact the District's office at 500 Riverside Road, Mesquite, Nevada 89027.

VIRGIN VALLEY WATER DISTRICT
Statement of Net Assets
June 30, 2009 and 2008

	Proprietary Fund	Memorandum Only June 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,498,763	\$ 532,051
Investments	5,629,072	13,538,346
Accounts receivable	524,064	530,973
Accrued interest income	32,017	91,885
Deposits	202,500	633,888
Due from other governmental units	4,197,636	5,099,709
Inventory	128,578	130,190
Total current assets	<u>12,212,630</u>	<u>20,557,042</u>
Noncurrent assets:		
Restricted cash and cash equivalents	1,609,722	564,205
Restricted investments	14,008,187	19,090,823
Prepaid expenses	151,847	74,294
Capital assets:		
Land	161,401	161,401
Buildings & improvements	1,283,215	1,219,660
Operating equipment & wells	41,981,188	40,790,789
Furniture & fixtures	252,773	173,599
Water shares	18,749,042	11,879,673
Construction in process	26,095,469	11,817,783
Less: accumulated depreciation	<u>(12,526,429)</u>	<u>(11,163,639)</u>
Total noncurrent assets	<u>91,766,415</u>	<u>74,608,588</u>
Other assets:		
Original issue discount, net of amortization	38,348	45,989
Bond issuance costs, net of amortization	938,777	1,000,135
Total other assets	<u>977,125</u>	<u>1,046,124</u>
Total assets	<u>\$ 104,956,170</u>	<u>\$ 96,211,754</u>

Continued on next page

VIRGIN VALLEY WATER DISTRICT
Statement of Net Assets - Continued
June 30, 2009 and 2008

	Proprietary Fund	Memorandum Only June 30, 2008
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,343,900	\$ 1,767,471
Accrued interest payable	481,914	340,103
Accrued payroll & payroll taxes	90,131	76,521
Retention payable	1,098,933	420,343
Deferred revenue	38,985	33,639
Current portion of notes payable	46,980	42,527
Current portion of bonds payable	1,603,851	1,184,672
Total current liabilities	<u>4,704,694</u>	<u>3,865,276</u>
Noncurrent liabilities:		
Bond premiums, net of amortization	284,824	298,433
Notes payable - net of current portion	84,650	131,630
Bonds payable - net of current portion	42,261,505	43,814,892
Loss on defeasance of debt	(580,276)	(638,303)
Total noncurrent liabilities	<u>42,050,703</u>	<u>43,606,652</u>
Total liabilities	<u>46,755,397</u>	<u>47,471,928</u>
Net Assets		
Invested in capital assets, net of related debt	31,999,673	9,705,545
Restricted for bond requirements and ordinance #2	15,619,233	19,655,028
Unrestricted	10,581,867	19,379,253
Total net assets	<u>\$ 58,200,773</u>	<u>\$ 48,739,826</u>

VIRGIN VALLEY WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008

	Proprietary Fund	Memorandum Only June 30, 2008
Operating revenues		
Water use fees	\$ 4,886,922	\$ 4,946,977
Installation charges	60,480	84,550
Total operating revenues	<u>4,947,402</u>	<u>5,031,527</u>
Operating expenses		
Salaries & wages	1,018,939	914,751
Office expense	106,762	96,304
Professional & legal services	496,477	491,423
Engineering services	90,703	89,341
Payroll taxes	44,752	40,829
Employers share PERS	189,782	173,558
Travel & training	16,141	13,189
Bad debt expense	75	368
Dues & subscriptions	25,689	8,423
Uniforms & safety equipment	15,384	8,134
Water rights applications	33,682	2,847
Insurance	287,936	226,777
Utilities	944,090	905,805
Operations & maintenance	1,237,444	617,579
Miscellaneous	16,661	10,798
Amortization	55,390	43,266
Depreciation	<u>1,423,805</u>	<u>1,374,088</u>
Total operating expenses	<u>6,003,712</u>	<u>5,017,480</u>
Net operating income / (loss)	<u>\$ (1,056,310)</u>	<u>\$ 14,047</u>

Continued on next page

VIRGIN VALLEY WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets - Continued
For the Years Ended June 30, 2009 and 2008

	Proprietary Fund	Memorandum Only June 30, 2008
Non-operating income (expenses)		
Service charges	\$ 26,618	\$ 29,043
Interest income	300,127	813,418
Impact fees	610,560	858,600
Ordinance No. 2 fees	542,854	1,012,300
Ordinance No. 3 fees	500	2,500
Lease income	97,440	77,240
Other income	1,887	3,671
Gain (loss) on disposal of assets	1,711	(179,722)
Intergovernmental revenue	9,864,367	6,254,556
Unrealized gain / (loss) on investments	12,280	44,747
Realized gain / (loss) on investments	-	(762)
Interest expense	(941,087)	(1,007,213)
Total nonoperating revenue (expenses)	<u>10,517,257</u>	<u>7,908,378</u>
Change in net assets	9,460,947	7,922,425
Total net assets--beginning	<u>48,739,826</u>	<u>40,817,401</u>
Total net assets--ending	<u>\$ 58,200,773</u>	<u>\$ 48,739,826</u>

VIRGIN VALLEY WATER DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008

	Proprietary Fund	Memorandum Only Year ended June 30, 2008
Cash flows from operating activities:		
Cash received from customers, water usage fees	\$ 4,893,831	\$ 4,946,977
Cash received from customers, installation charges	60,480	84,550
Cash paid for operating expenses	(3,078,356)	(2,106,504)
Cash paid to employees	(1,253,473)	(1,129,138)
Net cash flows from operating activities	<u>622,482</u>	<u>1,795,885</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(21,910,732)	(10,415,622)
Proceeds from sale of capital assets	3,422	36,145
Deposits	(202,500)	(633,888)
Proceeds from long-term debt	-	23,614,803
Principal paid on long-term debt	(1,176,735)	(4,023,958)
Bond issuance costs	-	(551,719)
Bond Premiums	61,358	45,311
Impact fees collected	615,906	865,839
Ordinance No. 2 and No. 3 fees collected	543,354	1,014,800
Intergovernmental revenue	10,766,440	1,396,143
Lease revenue	97,440	77,240
Service charges collected	30,216	29,043
Interest paid	(741,249)	(743,278)
Net cash flows from capital and related financing activities	<u>(11,913,080)</u>	<u>10,710,859</u>
Cash flows from investing activities:		
Interest on investments	359,995	838,843
(Increase)/decrease in restricted cash	11,287,432	(18,036,511)
Sale of investments	7,454,205	10,950,000
Purchase of investments	(6,851,231)	(7,099,735)
Net cash flows from investing activities	<u>12,250,401</u>	<u>(13,347,403)</u>
Net change in cash and cash equivalents	959,803	(840,659)
Cash and cash equivalents at beginning of year	<u>532,051</u>	<u>1,372,710</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,491,854</u></u>	<u><u>\$ 532,051</u></u>

Continued on next page

VIRGIN VALLEY WATER DISTRICT
Statement of Cash Flows - Continued
For the Years Ended June 30, 2009 and 2008

	Proprietary Fund	Memorandum Only Year ended June 30, 2008
Reconciliation of operating loss to net cash used by operating activities:		
Net income from operations	\$ (1,056,310)	\$ 14,047
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,423,805	1,374,088
Amortization	55,390	43,266
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	6,909	45,057
(Increase)/decrease in inventories	1,612	6,185
(Increase)/decrease in prepaid expenses	(77,553)	(7,617)
Increase/(decrease) in accounts payable	(423,571)	1,491,723
(Increase) in accounts payable related to capital assets	-	(1,473,306)
Increase/(decrease) in retention payable	678,590	338,055
Increase/(decrease) in accrued liabilities	13,610	9,444
	<u>\$ 622,482</u>	<u>\$ 1,840,942</u>

SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES

Completed construction in progress transferred to fixed assets	\$	935,143
Unrealized appreciation and premium/discount on investments	\$	(82,537)

SUPPLEMENTAL SCHEDULE OF PAYMENTS FOR INTEREST

During fiscal year 2009, the District incurred interest costs of \$941,087. Of this amount, \$58,027 was amortization of deferred losses resulting from a prior year bond refinance. Interest payable at the beginning of the year was \$340,103 and the interest actually paid during 2008 was \$741,249, leaving interest payable of \$481,914 at June 30, 2009.

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 1. Summary of Significant Accounting Policies

NATURE OF ORGANIZATION

Virgin Valley Water District, (District) was created pursuant to Senate Bill 100, which was passed by the 1993 Nevada Legislature and signed into law by the governor and in accordance with a June 29, 1993 vote by the membership of the District's predecessor Mesquite Farmstead Water Association. As of June 30, 1993, Mesquite Farmstead Water Association ceased operations and the District was created, The District is a governmental special service district. The District began operations on July 1, 1993 and has a fiscal year end of June 30.

BASIS OF PRESENTATION-FUND ACCOUNTING

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's only fund is an enterprise fund.

BASIS OF ACCOUNTING

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The only fund of the District is an enterprise fund. The accrual basis of accounting is generally followed as revenues are from services which are susceptible to accrual and expenditures are recorded when the liability is incurred. The District applies all applicable GASB pronouncements as well as FASB pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

BUDGET POLICY AND PROCESS

The District adheres to the Local Government Budget Act incorporated within state statutes, which include the following major procedures to establish the budgetary data which is reflected in these financial statements.

1. On or before April 15, the District's Board of Directors files a tentative budget with the Nevada Department of Taxation.
2. Public hearings on the tentative budget are held on the third Thursday in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board and by adopting a resolution. The final budget must then be forwarded to the Nevada Tax Commission for final hearings and approval.

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 1. Summary of Significant Accounting Policies, Continued

4. Formal budgetary integration in the financial records is employed to enhance management control during the year.
5. The budget is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) Appropriations lapse at year end.
6. Budget amounts may be transferred if amounts do not exceed the original budget. Such transfers are to be approved with a resolution by the Board of Directors. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Virgin Valley Water District Board of Directors, following a properly scheduled public hearing.

In accordance with State Statute and the Nevada Administrative Code, actual expenses may not exceed the sum of budgeted operating and non-operating expenses.

CASH AND CASH EQUIVALENTS

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.

CASH AND INVESTMENTS

Cash balances are invested as permitted by law. Investments are recorded at lower of cost or market.

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by other statutes, including repurchase agreements

ACCOUNTS RECEIVABLE

Accounts receivable represent water usage billings for which payment has not yet been received. Due to the nature of such receivables and the District's ability to collect them, an allowance for doubtful accounts has not been provided.

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 1. Summary of Significant Accounting Policies, Continued

USE OF ESTIMATES

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

NET ASSETS

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors or grantors. A portion of net assets is restricted for bond payments as the payments come due and for Ordinance No. 2 fees as described in Note 2.

Note 2. Deposits and Investments

Deposits and Investments

Deposits and investments of the District are governed by the Nevada Revised Statutes (NRS). Following are discussions of the District's exposure to various risks related to its cash management activities.

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2009, the District's bank balance was \$15,801,963. Of this amount \$521,317 was on deposit with America First Credit Union. \$250,000 of the amount with America First is covered by NCUA federal depository insurance. America First has pledged their building as collateral for the District's deposits. The value of the building was unknown as of the date of these financial statements therefore there is a possibility that a portion on the deposit is not collateralized. \$15,280,646 was on deposit with the Bank of Nevada. Of this amount \$250,000 is insured by FDIC insurance. The Bank of Nevada has pledged securities equal to the remaining amount, thus at June 30, 2009 none of the deposits with the Bank of Nevada were uninsured or uncollateralized.

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 2. Deposits and Investments, Continued

Investments

Investment Fund

The Nevada State Treasurer's Office operates the Local Government Pooled Investment Fund (LGPIF). The LGPIF is available for investment of funds administered by any Nevada Public Treasurer. LGPIF deposits are permitted by NRS and are made in accordance with the District's investment policy.

The LGPIF is not registered with the SEC as an investment company. Deposits in the LGPIF are not insured or otherwise guaranteed by the State of Nevada, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (NRS 355.170) govern the investment of public funds.

As of June 30, 2009 the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Securities	\$ 5,240,849	\$ 1,512,959	\$ 3,727,890	\$ -	\$ -
Wells Fargo Bank Treasury Obligations	1,458,162	1,458,162	-	-	-
Nevada Local Government Pooled Investment Fund	399,364	399,364	-	-	-
Total Fair Value	\$ 7,098,375	\$ 3,370,485	\$ 3,727,890	\$ -	\$ -

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to maintain compliance with the provisions of State law (NRS 355.170).

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 2. Deposits and Investments, Continued

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with State law (NRS 355.170).

At June 30, 2009 the District had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
U.S. Government Securities	\$ 5,240,849	\$ 5,240,849	\$ -	\$ -	\$ -
Wells Fargo Bank Treasury Obligations	1,458,162	1,458,162	-	-	-
Nevada Local Government Pooled Investment Fund	399,364	-	-	-	399,364
Total Fair Value	\$ 7,098,375	\$ 6,699,011	\$ -	\$ -	\$ 399,364

During fiscal year 1996, the Board passed Ordinance No. 2 which requires that any applicant requesting water services to a new location shall dedicate to the District either water rights and water supply sufficient for the anticipated usage or pay the District the fair market value of the water rights so the District can purchase them. In fiscal year 2009, \$542,854 was collected from customers as payments for Ordinance No. 2. At June 30, 2009, the balance in the Ordinance No. 2 account was \$1,611,046. The entire balance is restricted

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 3. Capital Assets and Depreciation

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method as follows:

	Useful Life
Improvements	15-40 years
Vehicles	5 years
Office furniture & equipment	3-15 years
Buildings	7-20 years

A summary of changes in capital assets as follows:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Capital Assets				
Land	\$ 161,401	\$ -	\$ -	\$ 161,401
Buildings and improvements	1,219,660	63,555	-	1,283,215
Operating equipment and wells	40,790,789	1,251,414	61,015	41,981,188
Furniture and fixtures	173,599	79,174	-	252,773
Water shares	11,879,673	6,869,369	-	18,749,042
Subtotal	54,225,122	8,263,512	61,015	62,427,619
Accumulated depreciation	(11,163,639)	(1,423,805)	61,015	(12,526,429)
Net capital assets	\$ 43,061,483	\$ 6,839,707	\$ -	\$ 49,901,190
 Construction in Process				
CIP - Aresenic Treatment Plants	\$ 10,719,604	\$ 14,325,366	\$ -	\$ 25,044,970
CIP - Well #34	1,011,271	22,510	-	1,033,781
CIP - Bunkerville Bridge	86,907	848,236	935,143	-
CIP - Halfway Wash - Ranney Collection	-	16,719	-	16,719
Total construction in process	\$ 11,817,782	\$ 15,212,831	\$ 935,143	\$ 26,095,470

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 4. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

Notes Payable	June 30, 2008	Additions	Retirements	June 30, 2009
Jimmy and Angie Hughes	\$ 174,157	\$ -	\$ 42,527	\$ 131,630
Total notes payable	<u>174,157</u>	<u>-</u>	<u>42,527</u>	<u>131,630</u>
Bonds Payable				
Water Revenue Bonds, Series 1999	415,000	-	415,000	-
Water Revenue Bonds, Series 2001	4,760,000	-	280,000	4,480,000
Water Revenue Bonds, Series 2003	3,779,564	-	134,208	3,645,356
Water Revenue Bonds, Series 2004	5,940,000	-	35,000	5,905,000
Water Revenue Bonds, Series 2006	7,005,000	-	270,000	6,735,000
General Obligation (Limited Tax) Water Bonds (Additionally Secured by Pledged Revenues), Series 2008	<u>23,100,000</u>	<u>-</u>	<u>-</u>	<u>23,100,000</u>
Total bonds payable	<u>44,999,564</u>	<u>-</u>	<u>1,134,208</u>	<u>43,865,356</u>
Total long-term debt	<u>\$ 45,173,721</u>	<u>\$ -</u>	<u>\$ 1,176,735</u>	<u>\$ 43,996,986</u>

-Continued on following page-

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 4. Long-Term Debt, Continued

Long-term debt consists of the following:

<u>Notes Payable</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
10% note payable to Jimmy and Angie Hughes, due in monthly installments of \$4,836 through January 15, 2012.	\$ 46,980	\$ 84,650	\$ 131,630
Total notes payable	<u>46,980</u>	<u>84,650</u>	<u>131,630</u>
 <u>Bonds Payable</u>			
Water revenue bonds, series 2001, due in semi-annual interest installments ranging from \$12,000 to \$134,799 and annual principal installments ranging from \$100,000 to \$480,000, bearing interest between 2.5% and 5%, maturing June 1, 2022.	290,000	4,190,000	4,480,000
Water revenue bonds, series 2003. Bonds have not been fully issued. Estimated semi-annual interest installments range from \$2,2150 to \$62,518 and estimated semi-annual principal installments range from \$68,835 to \$129,138, bearing interest of 3.43%.	138,851	3,506,505	3,645,356
Water revenue bonds, series 2004, due in semi-annual interest installments ranging from \$21,500 to \$108,670 and annual principal installments ranging from \$35,000 to \$1,075,000, bearing interest between 2.25% to 4%, maturing June 1, 2019.	470,000	5,435,000	5,905,000
Water revenue bonds, series 2006, due in semi-annual interest installments ranging from \$21,853 to \$327,253 and annual principal installments ranging from \$250,000 to \$530,000, bearing interest between 3.75% to 5%, maturing June 1, 2026.	285,000	6,450,000	6,735,000
General Obligation (Limited Tax) Water Bonds (Additionally Secured by Pledged Revenues), Series 2008, due in semi-annual interest installments ranging from \$540,124 to \$335,875 and annual principal installments ranging from \$420,000 to \$1,435,000, bearing interest between 3.50% to 5%, maturing March 1, 2038.	<u>420,000</u>	<u>22,680,000</u>	<u>23,100,000</u>
Total bonds payable	<u>1,603,851</u>	<u>42,261,505</u>	<u>43,865,356</u>
Total long-term debt	<u>\$ 1,650,831</u>	<u>\$ 42,346,155</u>	<u>\$ 43,996,986</u>

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 4. Long-Term Debt, Continued

The annual requirements for the next five year and 5 year increments thereafter to amortize long-term debt outstanding at June 30, 2009, including interest of \$27,248,847 are as follows:

Year Ending June 30,	Notes Payable	Bonds Payable	Total
2010	58,028	3,519,711	3,577,739
2011	58,029	3,514,336	3,572,365
2012	33,851	3,511,786	3,545,637
2013	-	3,510,601	3,510,601
2014	-	3,505,375	3,505,375
2015-2019	-	17,441,580	17,441,580
2020-2024	-	12,967,413	12,967,413
2025-2029	-	9,583,535	9,583,535
2030-2034	-	7,517,838	7,517,838
2035-2038	-	6,023,750	6,023,750
Total	149,908	71,095,925	71,245,833
Less Interest	<u>(18,278)</u>	<u>(27,230,569)</u>	<u>(27,248,847)</u>
Total Principal	<u>\$ 131,630</u>	<u>\$ 43,865,356</u>	<u>\$ 43,996,986</u>

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 5. Defined Benefit Pension Plan

Virgin Valley Water District (District) is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer program. All full-time employees are covered under the system. In addition, those part-time employees working at least 20 hours per week and more than 120 days are covered, except for those employees who participate in PERS with an employer other than the District. The payroll for employees covered by the system for the year ended June 30, 2009, was \$925,767; the District's total payroll was \$1,018,939.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits, and death benefits.

Monthly benefit allowances for members are computed at 2.5 percent of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75 percent of the average compensation. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows retired employees to accept a reduced service retirement allowance payable monthly during their lives and various optional monthly payments to a named beneficiary after their deaths.

Ordinary members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service, or any age with 30 years of service. Members who retired on or after July 1, 1977, or are active members whose effective date of membership is before July 1, 1985, and who have 36 years of service are entitled to a benefit of up to 90 percent of their average compensations. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75 percent to a maximum of 90 percent of average compensation. Ordinary members become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.465. That statute, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to one percent until such time as the actuarially determined unfunded liability of the Plan is reduced to zero.

The District is enrolled in the employer-paid contribution plan of PERS. Under this plan the District is required to contribute 20.5 percent of covered employees' salaries to the plan. The actuarially determined contribution rate as of July 1, 2007. The contribution requirements for the years ended June 30, 2009 and June 30, 2008 were \$189,782 and \$173,558, respectively. These contributions represented 20 percent of the covered payroll. A copy of the PERS June 30, 2009 annual financial report may be obtained by writing to the Public Employee's Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599, or by calling (775) 687-4200.

VIRGIN VALLEY WATER DISTRICT
Notes to the Financial Statements
June 30, 2009

Note 6. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits 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.

None of the amounts of compensation deferred under the plan, none of the property and rights purchased with those amounts, and none of the income attributable to those amounts, property or rights are the property of the District, subject to the claims of the District's general creditors.

Note 7. Restricted Net Assets

Restricted net assets consist of the following:

Ordinance No. 2 Fees (See Note 2)	\$ 1,611,046
Bond Reserves (See Note 2)	<u>14,008,187 *</u>
Total	<u><u>\$ 15,619,233</u></u>

*Amount includes accumulated interest income on fund.

Note 8. Defeasance of Long-Term Debt

In prior years, the District defeased certain bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payment on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGIN VALLEY WATER DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets – Budget and Actual
For the Year Ended June 30, 2009

	Proprietary Fund			
	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
Operating revenues				
Water use fees	\$ 5,756,000	\$ 5,756,000	\$ 4,886,922	\$ (869,078)
Installation charges	85,600	85,600	60,480	(25,120)
Total operating revenues	<u>5,841,600</u>	<u>5,841,600</u>	<u>4,947,402</u>	<u>(894,198)</u>
Operating expenses				
Salaries & wages	984,030	984,030	1,018,939	(34,909)
Office expense	113,148	113,148	106,762	6,386
Professional & legal services	593,750	593,750	496,477	97,273
Engineering services	76,000	76,000	90,703	(14,703)
Payroll taxes	48,120	48,120	44,752	3,368
Employers share PERS	192,665	192,665	189,782	2,883
Travel & training	10,500	10,500	16,141	(5,641)
Bad debt expense	-	-	75	(75)
Dues & subscriptions	23,222	23,222	25,689	(2,467)
Uniforms & safety equipment	9,644	9,644	15,384	(5,740)
Water rights applications	41,500	41,500	33,682	7,818
Insurance	284,920	284,920	287,936	(3,016)
Utilities	1,181,046	1,181,046	944,090	236,956
Operations & maintenance	777,891	777,891	1,237,444	(459,553)
Miscellaneous	12,600	12,600	16,661	(4,061)
Amortization	60,625	60,625	55,390	5,235
Depreciation	1,391,000	1,391,000	1,423,805	(32,805)
Total operating expenses	<u>5,800,661</u>	<u>5,800,661</u>	<u>6,003,712</u>	<u>(203,051)</u>
Net operating income / (loss)	<u>\$ 40,939</u>	<u>\$ 40,939</u>	<u>\$ (1,056,310)</u>	<u>\$ (1,097,249)</u>

Continued on next page

VIRGIN VALLEY WATER DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets – Budget and Actual
For the Year Ended June 30, 2009

	Proprietary Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary)	
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
Non-operating income (expenses)				
Service charges	\$ 29,000	\$ 29,000	\$ 26,618	\$ (2,382)
Interest income	789,600	789,600	300,127	(489,473)
Impact fees	795,000	795,000	610,560	(184,440)
Ordinance No. 2 fees	990,000	990,000	542,854	(447,146)
Ordinance No. 3 fees	-	-	500	500
Lease income	47,240	47,240	97,440	50,200
Other income	4,070	4,070	1,887	(2,183)
Loss on disposal of assets	(10,000)	(10,000)	1,711	11,711
Intergovernmental revenue	6,711,582	6,711,582	9,864,367	3,152,785
Unrealized gain / (loss) on investments	-	-	12,280	12,280
Realized gain / (loss) on investments	-	-	-	-
Interest expense	(2,036,959)	(2,036,959)	(941,087)	1,095,872
Total nonoperating revenue (expenses)	<u>7,319,533</u>	<u>7,319,533</u>	<u>10,517,257</u>	<u>3,197,724</u>
Change in net assets	7,360,472	7,360,472	9,460,947	2,100,475
Total net assets--beginning	<u>48,739,826</u>	<u>48,739,826</u>	<u>48,739,826</u>	<u>-</u>
Total net assets--ending	<u>\$ 56,100,298</u>	<u>\$ 56,100,298</u>	<u>\$ 58,200,773</u>	<u>\$ 2,100,475</u>

**OTHER COMMUNICATIONS
FROM
INDEPENDENT AUDITORS**



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

Directors and Members of the Board
 Virgin Valley Water District
 Mesquite, Nevada

We have audited the basic financial statements of Virgin Valley Water District, as of and for the year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

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

We noted certain other matters that we have reported to the management of the District in the schedule of findings and recommendations dated August 31, 2009.

This report is intended solely for the information of the Directors, members of the board, audit committee, management, and various federal and state agencies, and is not intended to be an should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



HINTON, BURDICK, HALL, & SPILKER, PLLC
August 31, 2009



**Independent Auditors' Report on
 State Legal Compliance**

Directors and Members of the Board
 Virgin Valley Water District
 Mesquite, Nevada

We have audited the basic financial statements of Virgin Valley Water District, for the year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. Our audit also included test work on Virgin Valley Water District's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of Virgin Valley Water District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

The District has established one Enterprise Fund and one Trust and Agency Fund (an expendable trust fund) in accordance with NRS 354.624. The District appears to be using the funds expressly for the purposes for which it was created and in accordance with NRS 354.624. The fund is being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the fund. Sources of revenues available and retained earnings or net assets are reflected in the fund financial statement.

The statutory and regulatory requirements of the funds are as follows:

Enterprise Fund: Board of director's intended purpose and State resolution.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Virgin Valley Water District complied, in all material respects, with the requirements identified above for the year ended June 30, 2009.

HINTON, BURDICK, HALL, & SPILKER, PLLC
 August 31, 2009