

NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held starting at [4:00 p.m.](#) on [May 10, 2022](#) via Livestream/Zoom only.

Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 3:00 p.m. on May 10, 2022) or via telephone (the telephone number will be posted to our website on the day of the meeting). The meeting will be available for viewing at <https://livestream.com/accounts/3411104>. (Remote only meeting permitted by AB 253 as Audit Committee contains non-elected members.)

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- A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*
Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), Matthew Dent (Trustee) and Raymond Tulloch (At-Large Member)
- B. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.
- C. APPROVAL OF AGENDA *(for possible action)*

The Audit Committee may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Audit Committee may make a motion to accept and follow the agenda as submitted/posted.

- D. GENERAL BUSINESS ITEMS *(for possible action)*
1. Review, discuss, amend as necessary and approve the DavisFarr draft engagement letter to include review discussion and approval of supplementing FY2021/22 Independent Audit to Include Additional Agreed-Upon Procedures Related to 1) Capitalization of Assets and 2) Purchasing/Contracts options for expanding annual audit by DavisFarr to include review of internal controls as integrated audit – *pages 3 - 21*
 2. Review, discuss and possibly update the Audit Committee Long Range calendar – *page 22*
 3. Review, discuss and determine if any further action is necessary on the Effluent Pipeline Capital Improvement Project charges to expense for FY 2020 and 2021 – *pages 23 - 29*
 4. Review, discuss and determine if any further action is necessary on the Golf Courses Irrigation, Greens, Tees, Bunkers and similar items as expenses rather than capital assets– *pages 30 - 31*
 5. Review, discuss and determine if any further action is necessary on the expensing net costs which were historically capitalized relating to 3 ongoing projects in the Utility Fund – *pages 32 - 44*
 6. Review, discuss and determine if any further action is necessary on any correspondence received by Audit Committee

Incline Village General Improvement District

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

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

www.yourtahoeplace.com

NOTICE OF MEETING

Agenda for the Audit Committee Meeting of May 10, 2022 - Page 2

E. MEETING MINUTES (for possible action)

1. Meeting Minutes of April 13, 2022– pages 45 - 52
2. Meeting Minutes of April, 21, 2022– pages 53 - 55

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

G. ADJOURNMENT (*for possible action*)

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Thursday, May 5, 2022 at 9:00 a.m., a copy of this agenda (Audit Committee Session of May 10, 2022) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were either faxed or e-mailed to those people who have requested; and a copy was posted at the following six locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

1. IVGID Anne Vorderbruggen Building (893 Southwood Boulevard, Incline Village, Nevada; Administrative Offices)
2. IVGID's website (www.yourtahoeplace.com/Board of Trustees/Meetings and Agendas)
3. State of Nevada public noticing website (<https://notice.nv.gov/>)

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

District Clerk (e-mail: sah@ivgid.org/phone # 775-832-1207)

Audit Committee Members: Vacant (*At-Large Member*), Cliff Dobler (*At-Large Member*), Sara Schmitz (*Trustee*), Raymond Tulloch (*At-Large Member*), Matthew Dent (*Trustee*)

Notes: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. **IVGID'S agenda packets are available at IVGID's website, www.yourtahoeplace.com; go to "Board Meetings and Agendas".**

MEMORANDUM

TO: Board of Trustees

FROM: Sara Schmitz
Trustee/Audit Committee Member

Paul Navazio
Director of Finance

SUBJECT: Consider Supplementing FY2021/22 Independent Audit to Include Additional Agreed-Upon Procedures Related to 1) Capitalization of Assets and 2) Purchasing/Contracts; Authorize the Audit Committee Chair to Execute Individual Engagement Letters Covering Supplemental Audit Services, and Authorize Additional Task Orders to the District's Existing Contract with DavisFarr, LLP, in a Cumulative Amount Not-to-Exceed \$20,000.

STRATEGIC

PLAN REFERENCE(S): Long Range Principle #2 - Finance

DATE: May 11, 2022

I. RECOMMENDATION

It is recommended that the Board of Trustees:

- 1) Authorize the Audit Committee Chair to execute supplemental Engagement Letters, with the District's Independent Auditor, DavisFarr, LLP for additional audit services related to capitalization of assets and purchasing/contracts, to be performed in conjunction with the firm's audit of the District's FY2021/22 financial statements;
- 2) Authorize additional contract authority for the recommended supplemental audit services, in an amount not-to-exceed a cumulative cost of \$20,000;
- 3) Authorize associated Task Orders (#3 and #4) under the District's existing multi-year professional services contract with DavisFarr, LLP covering specified supplemental audit services

II. BACKGROUND

At their meeting of March 10, 2021, the Board of Trustees approved a five-year professional services contract with DavisFarr, LLP to provide independent audit services related to the annual audit of the District's financial statements. The contract provides for a fixed fee to cover the costs of annual audit of the District's financial statements, and also

provides a fee schedule by which additional audit services could be provided, at the request of the District, to be billed on a time and materials basis.

Under the existing professional services contract for independent audit services, the District would, on an annual basis, issue a task order covering the scope and deliverables related to the audit of the District's financial statements. The contract specifically provides that additional audit services may also be provided via separate task orders related to each specific audit topic.

The independent auditor's opinion and report related to the District's FY2020/21 Annual Comprehensive Financial Report (ACFR) was presented to the Board of Trustees at their meeting of December 14, 2021. Consistent with the requirements of Board Policy 15.1.0, the Audit Committee submitted its report on the FY2020/21 Audit to the Board of Trustees at the Board meeting of February 9, 2022, and was again on the Board agenda for discussion at the meeting of March 9, 2022.

Among the recommendations included in the Audit Committee's Annual Report was a specific recommendation as follows:

- *The Audit Committee recommends that the FY 21-22 audit be expanded in scope to include enhanced review of internal controls.*

At their meeting of April 21, 2022, the Audit Committee discussed, in consultation with Ms. Jennifer Farr, Partner, DavisFarr, LLP, areas of particular interest for development of possible supplemental "agreed upon procedures" to be performed by DavisFarr. The Audit Committee identified two primary areas of interest for review of internal controls by the independent auditor:

- 1) Capitalization of Assets
- 2) Purchasing/Contracts

At the conclusion of the Audit Committee's discussion, the Committee authorized Trustee Schmitz to work with management and Ms. Jennifer Farr to develop the specific scope of audit services covering these two topics, to be performed under separate engagement letters and fee estimates, to supplement the audit of the District's FY2021/22 financial statements.

Provided via attachment to this Board memo are the proposed engagement letters and agreed-upon procedures covering the additional audit services to be performed by DavisFarr, as requested by the Audit Committee. The additional audit services are to include:

Capitalization of Assets:

- Review of applicable Board Policies, Practices and internal accounting procedures. (Note: New Board Policy 8.1.0 (Capitalization) to be deemed effective 1/1/22; prior capitalization policy effective 7/1/21 through 12/31/21).
- Review of all capitalized costs under \$5,000 (through 12/31/21) and under \$10,000 (from 1/1/22) to assess compliance with policy.
- Review of 30 transactions (15 over \$5,000 in the period of 7/1/2021 through 12/31/2021 and 15 over \$10,000 in the period of 1/1/2022 through June 30, 2022) to determine if transactions met requirements for capitalization.
- Review of all capital project costs exceeding \$50,000 to determine whether project met applicable capitalization criteria
- Report and recommendations to be provided to the Audit Committee and management

Purchasing/Contracts

- Review of applicable Board Policies, Practices and internal accounting procedures
- Review of transactions for 25 vendors (top 5 in dollar of transactions; 20 randomly selected)
- For each vendor, review of procurement process, contract authority, change order authority, deliverables and payments
- Report and recommendations to be provided to the Audit Committee and management

Management concurs with the recommendation to provide expanded contract authority to DavisFarr, and authorize the Audit Committee to execute the required engagement letters.

Should this procedure identify issues for additional consideration, it will be brought to the attention of management and the Audit Committee for potential expansion of scope. Should such work cause an estimated cost above the amount the Board of Trustees has approved, the issue and recommendations will be brought to the attention of the Board of Trustees.

III. FINANCIAL IMPACT AND BUDGET

The District's current five-year contract with DavisFarr, LLP for independent audit services establishes that the audit of the District's FY2021/22 financial statements is to be performed for a fixed fee of \$49,000. These funds are included in the District's FY2022/23 budget, subject to Board approval on May 26, 2022.

The additional audit services recommended to be performed via this agenda item would be billed on a time and material basis, under the fee schedule provided in the existing contract, and have been estimated to be in the range of \$12,000-\$20,000.

It is recommended that the Board of Trustees authorize additional contract authority, as well as additional FY2022/23 budget authority not-to-exceed \$20,000 for supplemental audit services to be performed in conjunction with the audit of the District's FY2021/22 financial statements.

If approved by the Board of Trustees, funding will be included in the District's Final FY2022/23 budget through a supplemental General Fund budget appropriation.

IV. ALTERNATIVES

The Board of Trustees could choose not to authorize one or both of the supplemental engagement letters to perform additional audit services at this time. This alternative would result in audit services being limited to the audit of District's FY2021/22 financial statements, at no additional cost.

V. CONCLUSION

It is recommended that the Board of Trustees:

- 1) Authorize the Audit Committee Chair to execute supplemental Engagement Letters, with the District's Independent Auditor, DavisFarr, LLP for additional audit services related to purchasing/contracting and capitalization of assets, to be performed in conjunction with the firm's audit of the District's FY2021/22 financial Statements;
- 2) Authorize additional contract authority for the recommended supplemental audit services, in an amount not-to-exceed cumulative cost of \$20,000;
- 3) Authorize associated Task Orders (#3 and #4) under the District's existing multi-year professional services contract with DavisFarr, LLP covering specified supplemental audit services

Attachments:

1. Engagement Letter – Independent Audit of District's FY2021/22 Financial Statements (informational).
2. Proposed Engagement Letter – Agreed-Upon Procedures Related to Capitalization of Assets
3. Proposed Engagement Letter - Agreed-Upon Procedures Related to Purchasing and Contracts

May 5, 2022

**Incline Village General Improvement District
Attn: Audit Committee
893 Southwood Boulevard
Incline Village, NV 89451**

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide the Incline Village General Improvement District (the "Entity").

The Entity has requested that we audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Entity, as of June 30, 2022, and for the year then ended and the related notes, which collectively comprise the Entity's basic financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with Government Auditing Standards, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information ("RSI") such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Employer Required Contributions to Defined Contribution Multi-Employer Plans
3. Budgetary Comparison Schedules

Supplementary information other than RSI will accompany the Entity's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

1. Budgetary Comparison Schedules (Governmental and Enterprise Funds)

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. Introductory Information
2. Statistical Information

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with Government Auditing Standards. As part of an audit in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with Government Auditing Standards.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Entity's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters, including the Entity's Policies, Practices and procedures related to financial reporting;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the Entity from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the Annual Comprehensive Financial Report (including all the documents that, together, comprise the report) in a timely manner prior to the date of the auditor's report.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e. For identifying and ensuring that the Entity complies with the laws and regulations applicable to its activities including the Entity's policies, practices and procedures related to financial reporting;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;

- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

We agree to perform the following nonattest services:

- Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the Entity's management.
- Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the Entity. However, we will provide advice and recommendations to assist management of the Entity in performing its responsibilities.

The Entity's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Reporting

We will issue a written report upon completion of our audit of the Entity's basic financial statements. Our report will be addressed to the Board of Trustees of the Entity. Circumstances

may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Engagement Fees

We estimate that our fixed fees for the services previously outlined will be \$49,000.

Additionally, our fees are dependent on the availability, quality, and completeness of the Entity's records and, where applicable, upon the Entity's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., Entity employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with the Audit Committee and management and arrive at a new fee estimate as soon as reasonably practicable.

Other Engagement Matters

During the course of the engagement, we may communicate with the Audit Committee or Entity personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Jennifer Farr is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management or the Audit Committee, either orally or in writing.

The Audit Committee and management agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Audit Committee and the Board of Trustees the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Davis Farr LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Davis Farr LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Jennifer Farr, CPA
Davis Farr LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Incline Village General Improvement District

By _____

Paul Navazio, Director of Finance

Date _____

By _____

Ray Tulloch, Chair of Audit Committee

Date _____

May 5, 2022

Incline Village General Improvement District
Attn: Audit Committee
893 Southwood Boulevard
Incline Village, NV 89451

We are pleased to confirm our understanding of the additional services we are to provide for the Incline Village General Improvement District ("District"). This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the District's capitalized assets for the fiscal year ended June 30, 2022. The District is responsible for complying with the District's Board of Trustee's Policies and Practices ("Policies").

The Audit Committee has agreed to and acknowledged that the procedures to be performed are appropriate to meet the intended purpose of the engagement to assist the District in evaluating compliance with the Board of Trustee's Policies for the fiscal year ended June 30, 2022. The procedures we will perform may not address all the items of interest to a user of our report and may not meet the needs of all users of our report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

These agreed-upon procedures are included on the attached schedule. These procedures will be applied for the purpose of reporting our findings in regard to the results of the procedures performed as compared to the Policies. The procedures we will perform are for the intended use of the following specified parties: the Board of Trustees, the Audit Committee, and Management of the Incline Village General Improvement District.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the American Institute of Certified Public Accountants. The agreed-upon procedures are not designed to constitute an examination or a review of the subject matter. Therefore, we will not express an opinion or a conclusion on the subject matter. We have no obligation to perform any procedures beyond those agreed to as enumerated in this letter of engagement. However, the procedures may be expanded or modified by mutual agreement with the Audit Committee during the engagement. If additional time is necessary as a result of the modified procedures, we will discuss it with the Audit Committee and management and arrive at a new fee estimate as soon as reasonably practicable. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

At the conclusion of our engagement, we will request certain written representations from management about the subject matter information and related matters. We will issue a written report listing the agreed-upon procedures performed and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted use language.

We plan to begin our procedures in August 2022 after the year end accruals and accounting entries are recorded to close the fiscal year ended June 30, 2022. Our fees will be billed at the hourly rates in our proposal for audit services dated December 14, 2020 which range from

\$90-\$180 per hour based on the personnel used. We will also bill the District for any travel costs incurred, if applicable. We estimate the fees for this engagement will range from \$6,000-\$10,000 based on the number of transactions tested.

Jennifer Farr is the engagement partner for the services specified in this letter. Her responsibilities include supervising Davis Farr LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Very truly yours,



Jennifer Farr, CPA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Incline Village General Improvement District:

By: _____

Title: _____

Date: _____

Procedures to be Performed

1. We will obtain an understanding of the District's policies, practices and procedures for capitalizing assets during the fiscal year ended June 30, 2022. For purposes of these procedures, Board Policy 8.1.0 updated and approved in January 2022 will be effective for costs incurred or assets received after January 1, 2022. We will include the following policies and practices as exhibits in our report:
 - Board Policy 8.1.0 (updated January 2022)
 - Board Policy 8.1.0 (effective July 2016)
 - Board Policy 9.1.0 (effective July 2016)
 - Board Practice 2.9.0 (effective July 2016)
2. We will compare the Board of Trustee's policies and practices to the District's *Policies and Procedures Manual for Accounting & Financial Control* and provide a listing of any inconsistencies. We will obtain the Government Finance Officers Association capital asset best practice policies and identify any differences with the Board of Trustee's policies and practices.
3. We will obtain detail of all capitalized costs for the fiscal year ended June 30, 2022. We will summarize the expenses by project, type of asset, and transaction amount.
4. For the period July 1, 2021 through December 31, 2021, we will obtain supporting documentation for all capitalized costs less than \$5,000. We will determine if transactions met the capitalization requirements of Board Policies 8.1.0 and 9.1.0 and Board Practice 2.9.0 as follows:
 - a. Amount capitalized agreed to supporting documentation
 - b. Initial useful life was more than two years
 - c. Capitalized item met the \$5,000 capitalization threshold
 - d. Item was not for a repair or maintenance that does not extend the original useful life of the asset or expand the capacity of the asset
5. For the period January 1, 2022 through June 30, 2022, we will obtain supporting documentation for all capitalized costs less than \$10,000. We will determine if transactions met the capitalization requirements of Board Policy 8.1.0 as follows:
 - a. Amount capitalized agreed to supporting documentation
 - b. Initial useful life was three years or more
 - c. Capitalized item met the \$10,000 capitalization threshold (\$25,000 for certain assets)
 - d. If capitalization threshold was applied to a network or group of items:
 - i. Asset was part of a group purchase for similar assets (example: golf carts when they are components of a fleet; banquet facility furnishings)
 - ii. Item is a component of a system or network (components of a computer/telephone network; snow-making system)
 - iii. District documented justification for grouping the assets
 - e. Item was not for a repair or maintenance that does not extend the original useful life of the asset or expand the capacity of the asset
6. We will select a random sample of 30 transactions greater than \$5,000 for the period July 1, 2021 through December 31, 2021 and greater than \$10,000 for the period January 1, 2022 through June 30, 2022 (15 transactions for each period). We will determine if transactions met the capitalization requirements as follows:
 - a. Amount capitalized agreed to supporting documentation

- b. Initial useful life was two (or three) years or more, as applicable to the period
 - c. Item was not for a repair or maintenance that does not extend the original useful life of the asset or expand the capacity of the asset
 - d. Item was not a feasibility study for purposes of determining whether or not to move forward with a project
 - e. Transaction was not related to master plan costs that are not specific to a capital project
7. For capital projects with costs exceeding \$50,000 for the fiscal year ended June 30, 2022, we will perform the following procedures:
- a. Review the Board approved capital project including any capital project summaries to obtain information about the project including the approved budget, the nature of the project, and the expected completion date of the project.
 - b. Meet with the project manager to obtain additional information about the nature of the project
 - c. We will determine if the capital project met the capitalization requirements as follows:
 - i. Initial useful life is three years or more
 - ii. Item was not for a repair or maintenance that does not extend the original useful life of the asset or expand the capacity of the asset
 - iii. Item was not a pre-planning activity or feasibility study
 - iv. Transaction was not related to master plan costs that are not specific to a capital project
 - d. If the project is a replacement project, determine if the replaced asset was removed from the accounting system
8. We will request written representations from the District's Management stating that the accounting records we examined are accurate.
9. We will prepare a report for the Audit Committee that summarizes the procedures and results of the procedures. We will include any recommendations for improvements to the District's policies, practices or procedures.
10. We will meet with Management and the Audit Committee to report on the results of our procedures prior to finalization of our report.

May 5, 2022

Incline Village General Improvement District
Attn: Audit Committee
893 Southwood Boulevard
Incline Village, NV 89451

We are pleased to confirm our understanding of the additional services we are to provide for the Incline Village General Improvement District ("District"). This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the District's vendor contracts for the fiscal year ended June 30, 2022. Management is responsible for complying with the District's Purchasing Procedures ("Policies").

The Audit Committee has agreed to and acknowledged that the procedures to be performed are appropriate to meet the intended purpose of the engagement to assist the District in evaluating compliance with the Purchasing Procedures for the fiscal year ended June 30, 2022. The procedures we will perform may not address all the items of interest to a user of our report and may not meet the needs of all users of our report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

These agreed-upon procedures are included on the attached schedule. These procedures will be applied for the purpose of reporting our findings in regard to the results of the procedures performed as compared to the Policies. The procedures we will perform are for the intended use of the following specified parties: the Board of Trustees, the Audit Committee, and Management of the Incline Village General Improvement District.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the American Institute of Certified Public Accountants. The agreed-upon procedures are not designed to constitute an examination or a review of the subject matter. Therefore, we will not express an opinion or a conclusion on the subject matter. We have no obligation to perform any procedures beyond those agreed to as enumerated in this letter of engagement. However, the procedures may be expanded or modified by mutual agreement with the Audit Committee during the engagement. If additional time is necessary as a result of the modified procedures, we will discuss it with the Audit Committee and management and arrive at a new fee estimate as soon as reasonably practicable. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

At the conclusion of our engagement, we will request certain written representations from management about the subject matter information and related matters. We will issue a written report listing the agreed-upon procedures performed and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted use language.

We plan to begin our procedures in June 2022. Our fees will be billed at the hourly rates in our proposal for audit services dated December 14, 2020 which range from \$90-\$180 per hour based on the personnel used. We will also bill the District for any travel costs incurred, if

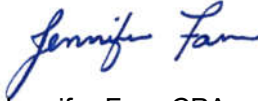
applicable. We estimate the fees for this engagement will range from \$6,000-\$10,000 based on the number of contracts tested.

Jennifer Farr is the engagement partner for the services specified in this letter. Her responsibilities include supervising Davis Farr LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Very truly yours,



Jennifer Farr, CPA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Incline Village General Improvement District:

By: _____

Title: _____

Date: _____

Procedures to be Performed

1. We will obtain an understanding of the District's policies, practices and procedures related to Purchasing and Contracts during the fiscal year ended June 30, 2022 including *Board Policy 3.1.0*, *Board Practice 13.2.0*, and *Policies and Procedures Manual for Accounting & Financial Control*. We will summarize the purchasing policies, practices and procedures in our report.
2. We will obtain general ledger detail of all costs incurred from July 1, 2021 through April 30, 2022. We will summarize transactions by vendor. We will provide statistical information about the population of vendor transactions in our report. We will exclude vendors paid less than \$5,000 from our testing population. We will exclude vendors not subject to the District's purchasing policies (e.g., utility providers, employee benefit providers, insurance providers) from our testing population. We will list those vendors in our report.
3. We will select a sample of 25 vendors for additional testing. We will exclude vendors identified in procedure 2. We will select the top 5 vendors in terms of total amount paid during the period and 20 vendors selected randomly from the list of vendors paid during the year. We will obtain purchasing documentation, contracts, change orders, and a sample of payments for each of the 25 vendors selected.
4. We will test the 25 vendors for the following attributes:
 - a. Competitive bidding was obtained, as required by the policy
 - b. Contract was approved in accordance with the policy
 - c. The Board approved the contract in accordance with the policy
 - d. Total payments made under the contract did not exceed the contract amount (this attribute will include reviewing payments since the inception of the contract through April 30, 2022).
 - e. Change order, if applicable, was approved in accordance with the policy
 - f. Change order, if applicable, was approved prior to the date when the authorized contract amount including Board approved contingencies was exceeded
 - g. We will select five invoices from each vendor and test for the following attributes:
 - i. Invoice was for goods or services provided during the period of performance noted in the contract
 - ii. Invoice was approved for payment by an individual who has the appropriate spending authority
 - iii. Invoice was approved by an individual knowledgeable of the goods or services provided
 - iv. If the individual who approved the invoice is still employed by the District, we will obtain written representations from the employee that the goods or services billed were provided or received
 - v. If the invoice is for a service, we obtained documentation for all statement of work task orders billed
 - vi. Invoiced amounts were consistent with the amounts and terms noted in the agreement
5. We will request written representations from the District's Management stating that the accounting records we examined are accurate.
6. We will prepare a report for the District that summarizes the procedures and results of the procedures. We will include any recommendations for improvements to the District's policies or practices.

7. We will meet with Management and the Audit Committee to report on the results of our procedures prior to finalization of our report.

DATE	DAY OF THE WEEK	TIME	LOCATION	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM AUDIT COMMITTEE MEMBERS DUE DATE	ITEMS SLATED FOR CONSIDERATION
6/1/22	Wednesday	5.00 pm	Zoom		<p>Internal controls</p> <ol style="list-style-type: none"> 1. Review, discuss and determine if any further action is necessary on Note 22 - Prior Period Adjustment - Annual Comprehensive Financial Report as of June 30, 2021 (ACFR) 2. Review, discuss and determine if any further action is necessary on charges to the the Water and Sewer Pump Stations capital projects for 2015 to 2021 which were capitalized but should have been expensed. 3. Review, discuss and determine if any further action is necessary on charges to the Wetlands Effluent Disposal Facility Improvements capital projects for 2015 to 2021 which were capitalized but should have been expensed. 4. Annual Internal controls schedule (per 15.1 2.6.1,2) 5. Implementation of Actions per audit report 6. Method of allocation of investment earnings (policy review)
6/16/22	Thursday	5.00 pm	Zoom		<ol style="list-style-type: none"> 1. Contract management 2. Review Code of Conduct (15.1 2.7) 3. Restricted funds versus committed funds 4. Whistleblower 5. Moss Adams 1 deliverables 6. Dillon's Rule on DPSEF contract

MEMORANDUM

TO: Audit Committee

THROUGH: Ray Tulloch

FROM: Clifford F. Dobler

SUBJECT: Effluent Pipeline CIP charges to expense for FY 2020 and 2021

STRATEGIC

PLAN REFERENCE(S): None

DATE: 3-17-2022

I. RECOMMENDATION

The Audit Committee recommends that a charge off to expense of \$182,022 for costs incurred on the Effluent Pipeline during Fiscal years ending June 30, 2020 and 2021. The Audit Committee also recommends that the charge off occur in a restated ACFR for fiscal year 2021.

II. BACKGROUND and ANALYSIS

The Effluent Pipeline Project (excluding the pond) has not progressed beyond preliminary stage activities which include conceptual formulation, evaluation of alternatives, determination of future needs, feasibility studies and development of financing alternatives. According to the Moss Adams report, costs incurred in the preliminary stage activities are typically expensed as they are not directly connected with creating service capacity.

On February 10, 2021, the Audit Committee submitted its report to the Board of Trustees and recommended that \$3,179,000 of costs incurred through June 30, 2019 should be expensed. The Board of Trustees accepted the report but the costs were not charged off in the fiscal year ending June 30, 2020.

In the fiscal year ending June 30, 2021, after considerable debate, \$3,110,110 was charged off as expense and reported as a prior period adjustment. An explanation of the \$69,000 difference between the AC recommendation and the charge off was never disclosed to the Audit Committee.

During fiscal years ending June 30, 2020 and 2021, additional costs of \$110,790 and \$71,233 have been recorded as Construction in Progress and not been charged off as an expense.

During the current fiscal year ending June 30, 2022, it is anticipated that approximately \$800,000 to \$1,000,000 in costs may be incurred for preliminary stage activities on the Effluent Pipeline and will require charge offs.

Exhibit A - Capital Improvement Report as of June 30, 2020

Exhibit B - Capital Improvement Report as of June 20, 2021

III. **BID RESULTS**

Not required

IV. **FINANCIAL IMPACT AND BUDGET**

Material weakness in financial reporting.

V. **ALTERNATIVES**

NONE

VI. **COMMENTS**

IGNOR the AC recommendation and continue inconsistency in financial reporting

VII. **STRATEGIC PLAN REFERENCE(S)**

None

VIII. **BUSINESS IMPACT**

Material weakness in financial reporting could lead to higher interest rates on the planned borrowing

EXHIBIT A

Project Description	CIP #	Carry Forward 2019-20	Capital Budget 2019-20	Budget Reallocations	Carry Forward to FY 2020-21	6/30/2019 Balance	Object 8120 & 8105 Additions	Cost Transfers	Asset in Service	6/30/2020 CIP Balance
General Fund										
Administration Fire Panel Replacement	1099BD1803	-	-	-	-	18,000.00	9,466.90	-	27,466.90	-
Check Writer Printer Replacement - 893 Southwood Administration Building	12120E1601	6,000.00	-	-	-	-	-	-	-	-
Digital Records Management System	1099CO1802	75,000.00	-	-	-	-	-	-	-	-
District Communication Radios	1213CE1701	-	6,000.00	-	-	-	5,779.83	-	5,779.83	-
District Wide PC, Laptops, Peripheral Equipment and Desk Top Printers	1213CO1703	-	95,000.00	-	-	-	59,868.70	-	59,868.70	-
Human Resource Management and Payroll Processing Software	1315CO1801	120,000.00	180,000.00	-	300,000.00	-	-	-	-	-
IT Infrastructure	1213CO1505	-	132,800.00	-	-	-	201,356.60	-	201,356.60	-
IT Master Plan - IT Security Devices	1213CE1101	-	15,000.00	-	-	-	-	-	-	-
Microsoft Exchange Server	1213CO1802	-	28,600.00	-	-	-	-	-	-	-
Microsoft Office Licenses	1213CO1803	-	9,045.00	-	-	-	-	-	-	-
Pavement Maintenance - Administration Building	1099LI1705	-	5,000.00	-	-	-	2,952.00	-	2,952.00	-
Windows Server Operating System	1213CO1804	-	14,000.00	-	-	-	-	-	-	-
		201,000.00	485,445.00	-	300,000.00	18,000.00	279,424.03	-	297,424.03	-
						Fund 990	Fund 100		Fund 990	Fund 990
Utilities										
Household Hazardous Waste Building Improvements	2097BD1802	-	15,000.00	-	-	-	-	-	-	-
Adjust Utility Facilities in NDOT/Washoe County Right of Way	2097DI1401	-	60,000.00	-	-	45,182.00	37,236.23	-	60,557.42	21,860.81
2010 International Vactor Truck #638	2097HV1732	-	-	-	-	-	416,563.50	-	416,563.50	-
1996 Peterbilt Dump Truck #299	2097HV1754	-	75,000.00	-	-	-	-	-	-	-
2004 9' Western Snow Plow #542A	2097LE1723	-	9,000.00	-	-	-	-	-	-	-
2015 Sander/Spreader #710	2097LE1724	-	20,000.00	-	-	-	7,829.31	-	7,829.31	0.00
Pavement Maintenance, Utility Facilities	2097LI1401	-	45,000.00	-	-	-	26,384.36	-	26,384.36	-
2004 GMC 1-Ton Flatbed #542 Pipeline Dept.	2097LV1746	-	48,000.00	-	-	-	-	-	-	-
2008 Chevrolet Service Truck #609 Meter Truck	2097LV1747	-	36,000.00	-	-	-	31,158.98	-	31,158.98	-
Water Reservoir Safety and Security Improvements (Moved from Water)	2097DI1701	386,600.00	10,000.00	-	389,396.00	52,529.75	10,709.01	-	-	63,238.76
Water										
Water Pumping Station Improvements	2299DI1102	-	45,000.00	-	-	43,100.00	38,201.84	-	81,301.84	-
Replace Commercial Water Meters, Vaults and Lids	2299DI1103	-	20,000.00	-	-	618.87	10,883.21	-	11,502.08	-
Water Reservoir Coatings and Site Improvements	2299DI1204	-	85,000.00	-	-	-	71,638.39	-	71,638.39	-
Burnt Cedar Water Disinfection Plant Improvements	2299DI1401	-	50,000.00	-	-	-	22,135.00	-	-	22,135.00
Water Pump Station 2-1 Improvements	2299DI1702	791,800.00	-	-	-	45,700.00	332,085.44	-	377,785.44	-
Burnt Cedar Water Disinfection Plant Emergency Generator Fuel Tank Upgrades	2299DI1707	-	200,000.00	-	175,000.00	-	23,928.25	-	-	23,928.25
Watermain Replacement - Martis Peak Road	2299WS1704	-	50,000.00	-	-	-	58,499.12	-	-	58,499.12
Leak Study R2-1 14inch Steel	2299WS1801	-	-	-	-	78,156.08	349.80	-	-	78,505.88
Watermain Replacement - Alder Avenue	2299WS1802	-	-	-	-	37,587.80	-	-	37,587.80	-
Sewer										
Effluent Export Line - Phase II	2524SS1010	2,251,918.00	2,000,000.00	-	11,586,890.00	662,506.59	71,232.93	-	-	733,739.52
Building Upgrades Water Resource Recovery Facility	2599BD1105	-	10,000.00	-	-	-	-	-	-	-
Treatment Plant Fire Panel Replacement	2599BD1802	-	-	-	-	65,000.00	(13,884.00)	-	51,116.00	-
Sewer Pumping Station Improvements	2599DI1104	-	15,000.00	-	-	-	17,265.15	-	17,265.15	-
Sewer Pump Station #1 Improvements	2599DI1703	220,000.00	250,000.00	-	390,866.00	56,098.15	79,750.23	-	-	135,848.38
Wastewater Treatment Plant Improvements	2599SS1102	-	100,000.00	-	-	57,423.18	44,666.99	-	95,623.85	6,466.32
Wetlands Effluent Disposal Facility Improvements	2599SS1103	-	10,000.00	-	-	-	9,654.44	-	9,654.44	-
Replace & Reline Sewer Mains & Manholes	2599SS1203	-	10,000.00	-	-	79,058.77	18,100.36	-	97,159.13	-
WRRF Biosolids Bins	2599SS1702	-	-	-	-	61,300.00	-	-	61,300.00	-
WRRF Aeration System Improvements	2599SS1707	100,000.00	1,200,000.00	466,500.00	1,598,524.00	133,791.30	329,758.73	-	-	463,550.03
UTILITIES SUBTOTALS:		3,750,318.00	4,363,000.00	466,500.00	14,140,676.00	1,418,052.49	1,644,147.27	-	1,454,427.69	1,607,772.08
Golf										
Championship Golf										
Championship Course Greens, Tees and Bunkers	3141GC1202	25,000.00	-	-	-	67,322.36	20,351.66	-	87,674.02	-
Championship Course Greens and Surrounds	3141GC1802	-	15,000.00	-	-	9,468.33	11,874.76	-	21,343.09	-
Venue Signage Enhancement	3141BD1706	20,000.00	40,000.00	-	-	-	-	-	-	-
Champ. Golf Fuel Tank Epoxy Coating - Unbudgeted	3141BD2001	-	Unbudgeted	-	-	-	8,500.00	-	8,500.00	-
Championship Golf Course Bear Boxes	3141FF1903	-	7,000.00	-	-	-	6,654.70	-	6,654.70	-
Irrigation Improvements	3141GC1103	-	30,000.00	-	5,000.00	-	24,057.24	-	24,057.24	-
Maintenance Building Drainage, Washpad and Pavement improvements	3141GC1501	-	30,000.00	-	-	-	48,092.18	-	-	48,092.18
Championship Course Tees	3141GC1803	-	15,000.00	-	-	-	12,198.40	-	12,198.40	-
Pavement Maintenance of Parking Lots - Champ Course & Chateau	3141LI1201	-	17,500.00	-	-	-	12,891.00	-	12,891.00	-
Pavement Maintenance of Cart Paths - Champ Course	3141LI1202	-	60,000.00	-	-	-	57,074.00	-	57,074.00	-
2005 Carryall Club Car #564	3142LE1733	-	11,000.00	-	-	-	11,468.00	-	11,468.00	-
2005 Carryall Club Car #565	3142LE1734	-	11,000.00	-	-	-	11,468.00	-	11,468.00	-
2005 Carryall Club Car #566	3142LE1735	-	11,000.00	-	-	-	11,468.00	-	11,468.00	-
2005 Carryall Club Car #567	3142LE1736	-	11,000.00	-	-	-	11,468.00	-	11,468.00	-
Replacement of 2010 John Deere 8500 #641	3142LE1760	-	92,000.00	-	92,000.00	-	-	-	-	-
Driving Range Improvements	3143GC1202	-	31,000.00	-	-	-	17,525.19	-	17,525.19	-
Champ Grille Kitchen Equipment	3153FF1204	-	46,200.00	-	-	-	51,611.67	-	51,611.67	-

Summary of CIP Activity by Project for the Fiscal Year Ending 6/30/2020

Project Description	CIP #	Carry Forward 2019-20	Capital Budget 2019-20	Budget Reallocations	Carry Forward to FY 2020-21	6/30/2019 Balance	Object 8120 & 8105 Additions	Cost Transfers	Asset in Service	6/30/2020 CIP Balance
1997 1-Ton Dump Truck #419	3197HV1749	-	5,000.00	-	-	-	-	-	-	-
2015 John Deere 1500 Fairway Aerator #716	3197LE1732	-	27,000.00	-	-	-	27,646.86	-	27,646.86	-
2005 John Deere Pro Gator #569	3197LE1740	-	34,500.00	-	-	-	34,507.85	-	34,507.85	-
2015 Greens Roller #715	3197LE1741	-	17,000.00	-	-	-	12,600.00	-	12,600.00	-
2014 Vibratory Greens Roller #696	3197LE1742	-	17,000.00	-	-	-	12,600.00	-	12,600.00	-
2004 John Deere 4410 Tractor #548	3197LE1746	-	40,000.00	-	-	-	27,641.01	-	27,641.01	-
Maintenance Shop Crane and Equipment Lift	3197ME1710	-	30,000.00	-	21,827.00	-	8,173.00	-	-	8,173.00
Championship Golf Printer Copier Replacement 955 Fairway	3199OE1501	-	10,000.00	-	-	-	-	-	-	-
Mountain Golf										
ADA Access to On-course Restrooms	3241BD1402	-	-	-	-	7,687.35	-	-	7,687.35	-
Mtn. Golf Course Remodel On Course Bathrooms, #6 & #13/14	3241BD1503	-	60,000.00	-	-	141,650.17	27,357.70	-	169,007.87	-
Mountain Course Greens, Tees and Bunkers	3241GC1101	-	43,000.00	-	15,000.00	20,561.48	29,436.29	-	49,997.77	Expense
Irrigation Improvements	3241GC1404	-	39,000.00	-	18,000.00	-	20,953.23	-	20,953.23	Expense
Mountain Course Clubhouse and Maintenance Building Water Service Line Replacement	3241GC1802	-	65,000.00	(65,000.00)	-	-	-	-	-	-
Mountain Golf Course Cart Path Retaining Walls	3241LI1704	-	17,500.00	-	-	7,000.00	2,650.00	-	-	9,650.00
Mountain Golf Cart Path Replacement - Unbudgeted	3241LI1903	-	-	166,395.00	166,395.00	-	-	-	-	-
Mountain Course 58 Cart Fleet	3241LV1899	-	288,000.00	(166,395.00)	113,985.00	-	-	-	-	-
Mountain Golf Fuel Storage Facility	3241ME1804	-	200,000.00	-	-	-	-	-	-	-
2005 Carryall Club Car #568	3242LE1725	-	11,000.00	-	-	-	11,468.00	-	11,468.00	-
Pavement Maintenance of Parking Lot - Mountain Golf Course	3242LI1204	-	22,500.00	-	-	-	21,750.00	-	21,750.00	Expense
Pavement Maintenance of Cart Paths - Mountain Golf Course	3242LI1205	-	40,000.00	-	-	-	36,573.00	-	36,573.00	Expense
Mountain Course Clubhouse and Maintenance Building Replacement	3299BD1403	-	-	-	-	132,203.83	-	-	-	132,203.83
Repair Roof - Mountain Golf Club House	3299BD1702	76,400.00	25,000.00	-	-	-	114,666.14	-	122,738.14	Cost overrun
Paint Exterior of Mountain Golf Clubhouse	3299BD1705	27,800.00	41,500.00	-	-	-	19,080.00	Expense 2019	19,080.00	-
Mountain Clubhouse Fire Repairs - Unbudgeted	3299BD1902	-	1,464,000.00	65,000.00	-	150,751.45	1,309,027.23	-	1,591,982.51	(132,203.83)
		149,200.00	2,924,700.00	-	432,207.00	544,716.97	2,032,833.11	-	2,511,634.90	65,915.18
Facilities										
Chateau - Replace Carpet	3350BD1103	-	62,000.00	-	-	-	41,745.00	-	-	41,745.00
Replace Hallway Tile at Chateau	3350BD1804	-	65,000.00	-	-	-	-	-	-	-
Repair and Refinish Wood Walls Upstairs at Chateau	3350BD1805	-	10,000.00	-	-	-	9,275.00	-	9,275.00	-
Catering Kitchen Equipment	3350FF1204	-	18,900.00	-	-	-	24,438.84	-	-	24,438.84
Enclose Chateau Exterior Storage Area	3350FF1601	6,500.00	-	-	-	3,875.00	(3,875.00)	Where reclassified?	-	-
Replacement Sod at Aspen Grove	3351LI1807	-	18,000.00	-	-	-	-	-	-	-
		6,500.00	173,900.00	-	-	3,875.00	71,583.84	-	9,275.00	66,183.84
Ski										
Base Lodge Walk In Cooler and Food Prep Reconfiguration	3453BD1806	-	25,000.00	-	25,000.00	-	-	-	-	-
Replace Main Lodge/Snowflake Lodge Dining Furniture and Fixtures	3453FF1706	-	38,000.00	-	-	-	37,270.00	-	37,270.00	-
Lakeview Ski Lift Maintenance and Improvements	3462HE1702	-	250,000.00	-	239,864.00	-	19,815.60	-	-	19,815.60
Red Fox Ski Lift Maintenance and Improvements	3462HE1712	-	30,000.00	-	-	-	-	-	-	-
Replacement of 2008 Grooming vehicle # 628	3463HE1727	-	390,000.00	-	-	-	374,500.00	-	374,500.00	-
Vehicle Shop/Snowmaking Pumphouse Roof	3464BD1302	-	-	-	-	7,320.00	-	-	7,320.00	-
Resurface Main Lodge Decks	3464BD1403	-	75,200.00	-	-	-	55,337.50	-	55,337.50	-
Replace Snowmaking Air Compressor Microprocessor Control Units	3464HE1902	-	100,000.00	-	-	-	73,120.96	-	73,120.96	-
Ski Resort Snowmobile Fleet Replacement	3464LE1601	-	15,500.00	-	-	-	14,517.98	-	14,517.98	-
2012 Yamaha ATV #683	3464LV1731	-	18,000.00	-	-	-	17,882.57	-	17,882.57	-
Diesel Exhaust Fluid Storage/Dispenser	3464ME1907	-	20,000.00	-	-	-	12,823.44	-	12,823.44	-
Fan Guns Purchase and Refurbishment	3464SI11002	-	130,000.00	-	-	-	117,814.16	-	117,814.16	-
Snowmaking Infrastructure Evaluation and Enhancement	3464SI1104	-	-	-	-	33,500.00	(33,500.00)	-	-	-
Upgrade Popular Snowmaking Power Alignment	3464SI1708	24,000.00	-	-	-	19,324.34	(19,324.34)	-	-	-
Replace Ski Rental Equipment	3468RE0002	135,000.00	200,000.00	-	335,000.00	-	-	-	-	-
Pavement Maintenance, Diamond Peak and Ski Way	3469LI1105	-	55,000.00	-	-	-	48,235.48	-	48,235.48	Expense
Ski Way and Diamond Peak Parking Lot Reconstruction	3469LI1805	-	225,000.00	-	220,000.00	43,599.90	(3,320.00)	-	-	40,279.90
Diamond Peak Way Finding Signage Evaluation and Enhancement	3469RS1709	16,550.00	-	-	-	23,450.00	-	-	-	23,450.00
Ski Area Master Plan Update and Summer Activities Assessment	3499BD1399	-	-	-	-	156,029.78	-	-	-	156,029.78
Diamond Peak Facilities Flooring Material Replacement	3499BD1710	-	43,000.00	-	-	-	39,055.18	-	39,055.18	-
Ski Fleet Fire Panel Replacement - Unbudgeted	3499BD1801	-	-	-	-	-	-	-	-	-
Snowflake Lodge Facilities Maintenance and Improvements	3499BD1803	-	-	-	-	4,533.99	-	-	4,533.99	-
Storage Building Replacement Design Evaluation (Net of Grants)	3499BD1804	40,000.00	-	-	-	-	-	-	-	-
Ski Rental Shop Doors	3499BD1904	-	13,000.00	-	-	-	9,362.00	-	9,362.00	-
HVAC Control Changeout	3499BD1905	-	21,000.00	-	-	-	-	-	-	-
Ecommerce / Middleware Software	3499CE1909	-	202,000.00	-	202,000.00	-	-	-	-	-
Skier Services Building Customer Service Counter	3499FF1607	-	12,000.00	-	-	12,985.00	800.00	-	13,785.00	-
Skier Services Administration Printer Copier Replacement 1210 Ski Way	3499OE1502	-	10,000.00	-	-	-	-	-	-	-
Ski Area Master Plan Implementation - Phase 1	3653BD1501	682,600.00	-	-	450,000.00	67,302.73	28,320.00	-	-	95,622.73
		898,150.00	1,872,700.00	-	1,471,864.00	368,045.74	792,710.53	-	825,558.26	335,198.01
Parks										
Aspen Grove Flatscape and Retaining Wall Enhancement and Replacement	4378BD1605	-	55,000.00	-	-	-	-	-	-	-
Rosewood Creek Foot Bridges	4378BD1705	-	8,000.00	-	-	-	-	-	-	-

Summary of CIP Activity by Project for the Fiscal Year Ending 6/30/2020

Project Description	CIP #	Carry Forward 2019-20	Capital Budget 2019-20	Budget Reallocations	Carry Forward to FY 2020-21	6/30/2019 Balance	Object 8120 & 8105			6/30/2020 CIP Balance
							Additions	Cost Transfers	Asset in Service	
Incline Park Fencing Refurbishment	4378BD1707	18,000.00	-	-	-	-	-	-	-	-
Incline Park Improvements - Unbudgeted	4378BD1801	-	-	-	-	120,267.57	-	-	-	120,267.57 expense
Village Green Restroom drainage improvements	4378BD1901	-	25,000.00	-	-	-	5,886.28	-	-	5,886.28
Incline Park Backflow Device Replacement	4378BD1702	18,800.00	32,000.00	-	-	3,817.29	42,179.59	-	45,996.88	-
2005 Shattertine Aerifier	4378LE1724	-	8,100.00	-	-	-	8,515.00	-	8,515.00	-
2008 JD Pro-Gator #623	4378LE1730	-	35,000.00	-	-	-	34,677.06	-	34,677.06	-
2013 Ball Field Groomer #681	4378LE1739	-	17,100.00	-	-	-	21,000.00	-	21,000.00	-
2013 Ball Field Mower / Toro 3500D Groundskeeper #682	4378LE1740	-	35,400.00	-	-	-	33,822.19	-	33,822.19	-
High School Public Park	4378LI0903	-	-	-	-	77,216.47	(77,216.47)	-	-	-
Pavement Maintenance, East & West End Parks	4378LI1207	-	-	-	-	-	1,100.00	-	-	1,100.00
Pavement Maintenance, Village Green Parking	4378LI1303	-	5,000.00	-	-	1,910.10	-	-	-	1,910.10
Pavement Maintenance, Preston Field	4378LI1403	-	5,000.00	-	-	1,910.10	-	-	-	1,910.10
Bocce Courts at Rec Center	4378LI1503	-	-	-	-	8,240.68	-	-	-	8,240.68
Incline Creek Restoration Project - Upstream of SR-28 (Net of Grants)	4378LI1504	178,800.00	163,200.00	-	-	-	-	-	-	-
Restoration Project - Upstream of SR28	4378LI1504B	36,000.00	-	-	-	71,120.50	346,454.22	-	417,574.72	-
Pavement Maintenance, Overflow Parking Lot	4378LI1602	-	5,000.00	-	-	1,910.10	(1,910.10)	-	-	-
Pump Track Demonstration	4378LI1604	317,852.00	-	-	-	6,066.92	(6,066.92)	-	-	0.00
Pavement Maintenance - Incline Park	4378LI1802	-	7,500.00	-	-	1,500.00	7,250.00	-	8,750.00	-
Incline Park Facility Renovations (Net of Grants)	4378LI1803	-	-	-	-	33,330.00	1,435,384.67	-	-	1,468,714.67
Bocce Courts at Recreation Center Property Design	4378LI1804	15,000.00	-	115,000.00	-	-	94,836.60	-	-	94,836.60
2003 1-Ton Service Truck #520	4378LV1736	-	43,000.00	-	-	-	-	-	-	-
		584,452.00	444,300.00	115,000.00	-	328,389.73	1,944,812.12	-	570,335.85	1,702,866.00
Tennis										
Tennis Center Renovation	4588BD1604	8,450.00	1,285,000.00	(115,000.00)	996,630.00	52,315.00	199,108.19	-	-	251,423.19
Pavement Maintenance, Tennis Facility	4588LI1201	-	23,500.00	-	-	3,100.00	20,710.00	-	23,810.00	-
Resurface Tennis Courts 3 thru 7	4588RS1402	-	-	-	-	34,965.00	(1,690.00)	-	33,275.00	-
Resurface Tennis Courts 1 and 2	4588RS1501	-	47,000.00	-	-	-	15,650.00	-	-	15,650.00
Tennis Facility Study	4588RS1605	-	-	-	-	40,142.24	-	-	-	40,142.24
		8,450.00	1,355,500.00	(115,000.00)	996,630.00	130,522.24	233,778.19	-	57,085.00	307,215.43
Recreation Center										
Rec Center Natatorium Mezzanine - Unbudgeted Project from FY 15/16	4884BD1501	-	-	-	-	6,929.10	(6,929.10)	-	-	-
Replace Walkway Bollard Lights	4884BD1703	54,950.00	55,000.00	-	-	5,550.00	100,503.00	-	-	106,053.00
Repair Deck Stairs and Powder Coat All Patio Deck Railings	4884FF1502	-	20,000.00	14,190.00	-	128,660.50	5,669.75	-	134,330.25	-
Recreation Center Natatorium Mezzanine Safety Enhancements	4884BD1601	-	90,000.00	-	-	-	-	-	-	-
External Surveillance Security Cameras for Recreation Center	4884CE1903	-	15,000.00	-	-	-	11,045.28	-	11,045.28	-
Pavement Maintenance, Recreation Center Area	4884LI1102	-	57,500.00	-	-	-	27,364.04	-	27,364.04	-
Pool Facility Deck/Floor Re-coat	4885BD1606	-	34,000.00	(14,190.00)	-	-	19,810.00	-	19,810.00	-
Fitness Equipment	4886LE0001	-	44,200.00	-	-	-	17,718.66	-	-	17,718.66
Paint Interior of Recreation Center	4899BD1305	-	15,500.00	-	-	-	-	-	-	-
Paver install Front Walkway at Recreation Center	4899BD1801	-	82,500.00	-	-	-	69,633.00	-	69,633.00	-
		54,950.00	413,700.00	-	-	141,139.60	244,814.63	-	262,182.57	123,771.66
Community Services Administration										
Parks and Recreation Master Plan Update	4999RS1603	-	-	-	-	261,501.64	(261,501.64)	-	-	-
		-	-	-	-	261,501.64	(261,501.64)	-	-	-
COMMUNITY SERVICES SUBTOTALS:		1,701,702.00	7,184,800.00	-	2,900,701.00	1,778,190.92	5,059,030.78	-	4,236,071.58	2,601,150.12
Beaches										
Burnt Cedar Food & Beverage Customer Improvements	3939BD1803	8,650.00	-	-	-	1,750.00	(1,750.00)	-	-	-
Burnt Cedar Swimming and Toddler Pool Resurface and Mechanical Improvements	3970BD2601	-	800,000.00	-	-	119,497.56	30,496.25	-	-	149,993.81
Kayak Rack Enhancements	3972LI1801	-	-	-	-	23,032.32	-	-	23,032.32	-
Incline Beach Facility Study	3973LI1302	29,400.00	-	-	-	210,631.84	5,500.00	-	-	216,131.84
Incline Beach Shade Structure - Unbudgeted Project from FY 15/16	3999BD1507	-	-	-	-	6,000.00	-	-	-	6,000.00
Pavement Maintenance, Ski Beach	3972BD1301	-	11,000.00	-	-	-	11,496.87	-	11,496.87	-
Beaches Flatscape and Retaining Wall Enhancement and Replacement	3972BD1501	-	55,000.00	-	-	-	16,925.00	-	16,925.00	-
Burnt Cedar Dumpster enclosure	3972BD1707	-	10,000.00	-	-	-	1,300.00	-	-	1,300.00
Beach Furnishings	3972FF1704	20,000.00	-	-	-	-	18,041.00	-	18,041.00	-
Pavement Maintenance, Burnt Cedar Beach	3972LI1202	50,000.00	6,000.00	-	-	-	-	-	-	-
		108,050.00	882,000.00	-	-	360,911.72	82,009.12	-	69,495.19	373,425.65
Grand Total		5,761,070.00	12,915,245.00	466,500.00	17,341,377.00	3,575,155.13	7,064,611.20	-	6,057,418.49	4,582,347.85

EXHIBIT B

Incline Village General Improvement District		Capital Improvement Projects Report to the Board of Trustees		For the Fourth Quarter - Fiscal Year Ending June 30, 2021							
DESCRIPTION	PROJECT #	Prior Year	Current Year	FY2020/21			Future Year	Fiscal Year	Variance	Status	
		Carry Forward	Budgeted	Projects Cancelled	Adjustments	Reallocation	Reservation Fund Balance	Adjusted Budget			Expenditures As of 6/30/21
General Fund:											
IT Master Plan - IT Security Devices	1213CE1101		15,000					15,000	-	15,000	
District Wi-Fi Installation Update	1213CE1501		40,000					40,000	16,382	23,618	Completed
District Communication Radios	1213CE1701		6,000					6,000	5,827	173	Completed
District Wide Update to Voice Over Internet Phone System	1213CE1901		60,000					60,000	55,596	4,404	Completed
IT Infrastructure	1213CO1505		91,800			(33,700)		58,100	0	58,100	Completed
District Wide PC, Laptops, Peripheral Equipment and Desk Top Printers	1213CO1703		97,050					97,050	57,053	39,997	On-going
Microsoft Office Licenses	1213CO1803		9,300			(9,300)		-	-	-	Re-allocation
Windows Server Operating System	1213CO1804		14,000			43,000		57,000	56,547	453	Completed
Admin Roof Repairs	1099BD1501		12,000					12,000	-	12,000	Delayed
Pavement Maintenance - Administration Building	1099LI1705		5,000					5,000	700	4,300	On-going
Human Resources Management and Payroll Processing	1315CO1801		300,000					300,000	237,353	62,647	In Progress
Total General Fund		\$ 300,000	\$ 350,150	\$ -	\$ -	\$ -	\$ -	\$ 650,150	\$ 429,458	\$ 220,692	
Utility Fund:											
Arc Flash Study - Utilities	2097BD2001		60,000					60,000	44,839	15,161	Completed
Public Works Billing Software Replacement	2097CO2101		10,000					10,000	-	10,000	Delayed
Adjust Utility Facilities in NDOT/Washoe County Right of Way	2097DI1401		25,000					25,000	21,874	3,126	On-going
Water Reservoir Safety and Security Improvements	2097DI1701	389,396	200,000		(3,505)			585,891	518,815	67,076	In Progress
2011 Chevrolet Service Truck #647 Treatment	2097LV1749		45,000					45,000	43,036	1,964	Completed
2004 9' Western Snow Plow #542A	2097LE1723				9,000			9,000	-	-	Completed
2004 GMC 1-Ton Flatbed #542 Pipeline Dept.	2097LV1746				48,000			48,000	52,883	(4,883)	Completed
1996 Peterbilt Dump Truck #299	2097HV1754				75,000			75,000	70,608	4,392	Completed
Pavement Maintenance, Utility Facilities	2097LI1401				22,763			22,763	17,900	4,863	On-going
Utility Shared Projects		389,396	340,000	-	151,258	-	-	880,654	778,955	101,699	
Water Pumping Station Improvements	2299DI1102		70,000					70,000	46,999	23,001	In Progress
Replace Commercial Water Meters, Vaults and Lids	2299DI1103		55,000					55,000	48,818	6,182	On-going
Water Reservoir Coalings and Site Improvements	2299DI1204		85,000					85,000	85,000	-	Delayed
Burnt Cedar Water Disinfection Plant Improvements	2299DI1204		25,000					25,000	7,347	17,653	In Progress
Watermain Replacement - Martis Peak Road vicinity	2299WS1704		990,000			(353,910)		636,090	588,790	47,300	Completed
Watermain Replacement - Slott Pk Cl	2299WS1706					45,000		45,000	28,575	16,425	In Progress
Burnt Cedar Water Disinfection Plant Emergency Generator Fuel Tank Upgrades	2299DI1707		175,000			1,072		176,072	1,728	174,344	In Progress
Unallocated Capital Project Funding						308,910		308,910	-	308,910	
Water		175,000	1,225,000	-	1,072	-	-	1,401,072	722,257	678,815	
Effluent Export Pipeline Project											
Effluent - Pond Lining	2524SS1010	11,586,890	2,000,000				(11,586,890)	2,000,000	110,790	1,889,210	Multi-Year
Building Upgrades Water Resource Recovery Facility	2599BD1105		80,000					80,000	52,726	27,274	In Progress
Sewer Pumping Station Improvements	2599DI1104		70,000					70,000	48,263	21,737	In Progress
Sewer Pump Station #1 Improvements	2599DI1703	390,866	650,000		(616)			1,040,250	1,225	1,039,025	Delayed
Water Resource Recovery Facility Improvements	2599SS1102		125,000					125,000	102,149	22,851	In Progress
Wetlands Effluent Disposal Facility Improvements	2599SS1103		16,500					16,500	16,340	160	Completed
Replace & Refine Sewer Mains, Manholes and Appurtenances	2599SS1203		80,000					80,000	69,270	10,730	On-going
WRRF Aeration System Improvements	2599SS1707		1,598,524		(161,783)			1,436,741	1,405,669	31,072	Completed
Sewer		13,576,280	3,021,500	-	(162,399)	-	(11,586,890)	4,848,491	1,806,432	3,042,059	
Total Utility Fund		\$ 14,140,676	\$ 4,586,500	\$ -	\$ (10,069)	\$ -	\$ (11,586,890)	\$ 7,130,217	\$ 3,307,644	\$ 3,822,573	
Internal Service:											
Replace 2004 Pick-up Truck 4X4 (1/2-ton) #540 Used Internal	5394LV1722		5,000					5,000	-	5,000	
Total Internal Service		\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	
Championship Golf Course:											
Champ Golf Exterior Ice-maker Replacement	3141FF1804		10,500					10,500	7,556	2,944	
Championship Golf Course Bear Boxes	3141FF1903		6,000					6,000	5,845	155	Completed
Irrigation Improvements	3141GC1103	5,000	15,000		943			20,943	18,714	2,229	Completed
Maintenance Building Drainage, Washpad and Pavement	3141GC1501		700,000			(121,567)		578,433	548,258	30,175	Completed
Pavement Maintenance of Parking Lots - Champ Course & Chateau	3141LI1201		55,000					55,000	48,394	6,606	Completed
Pavement Maintenance of Cart Paths - Champ Course	3141LI1202		62,500					62,500	2,525	59,975	In Progress
Championship Golf Course Electric Cart Fleet and GPS	3141LV1898		378,000					378,000	-	378,000	Delayed
2006 Carrvill Club Car #589	3142LE1737		13,000					13,000	-	13,000	In Progress
2006 Carrvill Club Car #590	3142LE1738		13,000					13,000	-	13,000	In Progress
2006 Carrvill Club Car #591	3142LE1739		13,000					13,000	-	13,000	In Progress
2016 Bar Cart #724	3142LE1741		17,000					17,000	-	17,000	Delayed
2016 Bar Cart #725	3142LE1742		17,000					17,000	-	17,000	Delayed
Replacement of 2010 John Dere 8500 #641	3142LE1760	92,000						92,000	-	92,000	Delayed
Driving Range Nets	3143GC1201		90,000					90,000	96,000	(6,000)	Completed
2008 Planetair HD50 #616	3197LE1731		38,000					38,000	27,000	11,000	Completed
2017 TORO Procore 864 Aerator #747	3197LE1735		28,000					28,000	28,596	(596)	Completed
2017 Deep Tine Aerator #763	3197LE1752		27,000					27,000	27,102	(102)	Completed
Graden Sand Injection Verticutter	3197LE1902		18,500					18,500	16,450	2,050	Completed
2017 TORO Procore 864 Aerator #756	3197LE2004		33,500					33,500	34,453	(953)	Completed
Maintenance Shop Crane and Equipment Lift	3197ME1710		21,827					21,827	-	21,827	Completed
Unallocated Capital Project Funding						121,567		121,567	-	121,567	
Total Championship Golf Course		\$ 118,827	\$ 1,535,000	\$ -	\$ 943	\$ -	\$ -	\$ 1,654,770	\$ 860,893	\$ 793,877	
Mountain Golf Course:											
Mountain Course Greens, Tees and Bunkers	3241GC1101		15,000		(1,436)			21,564	19,513	2,051	Completed
Irrigation Improvements	3241GC1404		18,000		47			18,047	17,806	241	Completed
Mountain Course 58 Cart Fleet acquired by lease	3241LV1899		113,985					113,985	-	113,985	In Progress
Mountain Golf Cart Path Replacement	3241LI1903		166,395					166,395	88,946	77,450	Multi-Year
2016 Bar Cart #726	3242LE1726		20,000					20,000	-	20,000	Delayed
Pavement Maintenance of Parking Lot - Mountain Golf Course	3242LI1204		6,000					6,000	1,100	4,900	On-going
Total Mountain Golf Course		\$ 313,380	\$ 34,000	\$ -	\$ (1,389)	\$ -	\$ -	\$ 345,991	\$ 127,365	\$ 218,626	

Incline Village General Improvement District		Capital Improvement Projects Report to the Board of Trustees		For the Fourth Quarter - Fiscal Year Ending June 30, 2021							
DESCRIPTION	PROJECT #	Prior Year	Current Year	Projects Cancelled	Adjustments	Reallocation	Future Year	FY2020/21	Fiscal Year Expenditures As of 6/30/21	Variance	Status
		Carry Forward	Budgeted				Reservation Fund Balance	Adjusted Budget			
Chateau:											
Resurface Patio Deck - Chateau	3350BD1302		36,000					36,000	17,300	18,700	Completed
Replace Air Walls Chateau	3350BD1704		56,500					56,500	3,150	53,350	Completed
Retrofit Chateau Ventilation Ducts	3350ME2001		7,500					7,500	6,600	900	Completed
Catering Kitchen Equipment	3350FF1204									(3,288)	Completed
		\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 23,762	\$ 76,238	
Diamond Peak Ski Resort:											
Base Lodge Walk in Cooler and Food Prep Reconfiguration	3453BD1806	25,000	15,000					40,000	-	40,000	Delayed
Crystal Express Ski Lift Maintenance and Improvements	3462HE1502		55,000					55,000	34,793	20,207	In Progress
Lakeview Ski Lift Maintenance and Improvements	3462HE1702	239,864	25,000		(9,680)			255,184	199,720	55,464	Completed
Ridge Ski Lift Maintenance and Improvements	3462HE1903		45,000					45,000	33,450	11,550	Completed
Ski Resort Snowmobile Fleet Replacement	3464LE1601		16,000					16,000	14,452	1,549	Completed
2013 Yamaha Rhino (ATV) #674	3464LV1732		21,000					21,000	-	21,000	In Progress
Replace Ski Rental Equipment	3468RE0002	335,000	200,000					535,000	-	535,000	In Progress
Replace 2010 Shuttle Bus #635	3469HE1739		140,000					140,000	-	140,000	Delayed
Replace 2010 Shuttle Bus #636	3469HE1740		140,000					140,000	-	140,000	Delayed
Pavement Maintenance, Diamond Peak and Ski Way	3469LI1105		25,000					25,000	21,335	3,665	On-going
Ski Way and Diamond Peak Parking Lot Reconstruction	3469LI1805	220,000	300,000		8,320			528,320	19,500	508,820	Delayed
Diamond Peak Facilities Flooring Material Replacement	3499BD1710		55,000					55,000	-	55,000	Delayed
Arc Flash Study - Ski	3499BD2002		20,000					20,000	13,600	6,400	Completed
Ecommerce/Middleware Software	3499CE1909	202,000	-					202,000	100,000	102,000	Completed
Replace Staff Uniforms	3499OE1205		135,000					135,000	-	135,000	In Progress
Ski Master Plan Implementation (Entitlements)	3653BD1501		450,000				(400,000)	50,000	2,760	47,240	Delayed
	Total Diamond Peak	\$ 1,471,864	\$ 1,192,000	\$ -	\$ (1,360)	\$ -	\$ (400,000)	\$ 2,262,504	\$ 439,610	\$ 1,822,895	
Parks:											
Resurface and Coat Incline Park Bathroom Floors	4378BD1603		13,940					13,940	4,730	9,210	Delayed
Rosewood Creek Foot Bridges	4378BD1705		8,000					8,000	11,068	(3,068)	Completed
Preston Field Retaining Wall Replacement	4378BD1801		10,000					10,000	6,573	3,427	On-going
2008 JD Pro-Gator #624	4378LE1731		36,000					36,000	35,170	830	Completed
2015 Ball Field Groomer #706	4378LE1742		24,000					24,000	-	24,000	Cancel
Maintenance, East & West End Parks	4378LI1207		7,000					7,000	3,110	3,890	In Progress
Pavement Maintenance, Village Green Parking	4378LI1303		7,500					7,500	100	7,400	Delayed
Pavement Maintenance, Preston Field	4378LI1403		5,000					5,000	1,630	3,370	In Progress
Pavement Maintenance, Overflow Parking Lot	4378LI1602		5,000					5,000	100	4,900	Delayed
Pump Track	4378LI1604		-					-	250	(250)	
Pavement Maintenance - Incline Park	4378LI1802		3,500					3,500	1,050	2,450	Delayed
2004 Pick-up Truck 4x4 (1-Ton) #541	4378LV1737		45,000					45,000	43,623	1,377	Completed
Replace Playgrounds - Preston	4378RS1601		7,500					7,500	-	7,500	Delayed
Incline Park Facility Renovations (Net of Grants)	4378LI1803		-					-	86,005	(86,005)	Prior Year
2003 1-Ton Service Truck #520	4378LV1736		-			43,063		43,063	43,063	(0)	Prior Year
	Total Parks	\$ -	\$ 172,440	\$ -	\$ 43,063	\$ -	\$ -	\$ 215,503	\$ 236,472	\$ (20,969)	
Tennis:											
Paint All Court Fences and Light Poles, Replace Wind Screens	4588BD1602		26,000					26,000	-	26,000	Delayed
Tennis Center Renovation	4588BD1604	996,630	-					996,630	854,440	142,190	Completed
Pavement Maintenance, Tennis Facility	4588LI1201		5,000					5,000	-	5,000	Delayed
Resurface Tennis Courts 8-9-10-11	4588RS1401		17,600			(17,600)		-	-	-	
Tennis Center Pickle Ball Court Conversion	4588RS2101		-			17,600		17,600	17,600	-	Completed
	Total Tennis	\$ 996,630	\$ 48,600	\$ -	\$ -	\$ -	\$ -	\$ 1,045,230	\$ 872,040	\$ 173,190	
Recreation Center:											
Recreation Center Upstairs Lobby Restrooms Remodel	4884BD1902		170,000					170,000	45,067	124,933	In Progress
Pavement Maintenance, Recreation Center Area	4884LI1102		62,500					62,500	63,006	(506)	Completed
Fitness Equipment	4886LE0001		45,000					45,000	45,481	(481)	Completed
Rec Center Locker Room Improvements	4899FF1202		60,000					60,000	65,807	(5,807)	In Progress
Recreation Center Elevator Modernization	4899ME2001		97,500					97,500	87,681	9,819	Completed
Recreation Center Printer Copier Replacement 980 Incline Way	4899OE1607		20,000					20,000	8,870	11,130	Completed
Repair Deck Stairs and Powder Coat All Patio Deck Railings	4884FF1502		-		24,200			24,200	24,200	-	Completed
	Total Recreation Center	\$ -	\$ 455,000	\$ -	\$ 24,200	\$ -	\$ -	\$ 479,200	\$ 340,112	\$ 139,088	
Community Services Administration:											
Arc Flash Study - Community Services	4999BD2001		10,000					10,000	7,000	3,000	In Progress
Web Site Redesign and Upgrade	4999OE1399		80,000					80,000	-	80,000	Delayed
	Total Community Services Administration	\$ -	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 7,000	\$ 83,000	
Community Services Total									\$2,907,255		
Beach:											
Burnt Cedar Swimming Pool Improvements	3970BD2601		225,000		1,258,289			1,483,289	1,226,710	256,579	In Progress
Pavement Maintenance, Ski Beach	3972BD1301		6,000					6,000	1,200	4,800	On-going
Beaches Flatscape and Retaining Wall Enhancement and Replacement	3972BD1501		55,000					55,000	-	55,000	Delayed
Burnt Cedar Dumpster enclosure	3972BD1707		35,000					35,000	5,860	29,140	Delayed
Beach Furnishings	3972FF1704		7,000					7,000	6,535	465	Completed
Pavement Maintenance, Incline Beach	3972LI1201		6,500					6,500	4,700	1,800	On-going
Pavement Maintenance, Burnt Cedar Beach	3972LI1202		12,500					12,500	200	12,300	On-going
Replace Playgrounds - Beaches	3972RS1701		7,500					7,500	-	7,500	On-going
Incline Beach Facility Replacement	3973LI1302		100,000					100,000	-	100,000	Delayed
	Total Beach	\$ -	\$ 454,500	\$ -	\$ 1,258,289	\$ -	\$ -	\$ 1,712,789	\$ 1,245,205	\$ 467,584	
	District-wide Total	\$ 17,341,377	\$ 9,023,190	\$ -	\$ 1,313,677	\$ -	\$ (11,986,890)	\$ 15,691,354	\$ 7,889,560	\$ 7,801,795	

June 1, 2021

To: IVGID Audit Committee

cc: Indra Winquest and Paul Navazio

From: Clifford F. Dobler

Re: Golf Courses Irrigation, Greens, Tees and Bunkers ect. Expenses rather than capital assets

IVGID management has established ongoing capital projects for various costs to maintain or improve the irrigation system and other costs for Greens, Tees and Bunkers at the Championship and Mountain Golf Courses. Over the past six years, an average of \$103,366 per year has been spent and accounted for as capital assets as opposed to operating expenses. EXHIBIT A provides a summary for each course and type of cost.

According to the 1/14/2021 report by Moss Adams LLP regarding best practices for capitalization, a key criteria to consider: "do the costs increase the service capacity".

While it is unknown exactly what has been accomplished, I am aware of the following items at the Championship Golf Course.

- Irrigation - Replacement of the irrigation apparatuses are always being repaired or replaced with new and better products, but do these replacements actually increase capacity?
- Greens - I am unaware of any major changes to the Greens.
- Tees - An additional set of tees on most holes were installed to provide shorter lengths and it is possible that service capacity could have been increased by more beginners playing golf. Expansion of the tee boxes on Hole #7 (upper level) and #17 have been completed. The costs to expand hole #17 was \$25,531. Service capacity would not be increased but the expansion was probably done to provide a larger area as the many divots made the original tees boxes somewhat unattractive.
- Bunkers- There are two parts. First part - Several bunkers were removed or made smaller to make the course easier to play. Second part - Some years past, sand was purchased from an Idaho supplier and installed in each bunker, however, the sand had pebbles. After several complaints by seasoned golfers, the sand was removed, sifted through grates and then reinstalled. The unanticipated result was the sand became a "hard pan" and not acceptable for proper bunker play. Over the past 3 to 4 years, and still ongoing, a higher grade of sand has been and continues to be installed. Prior to the installation, existing sand had to be removed and new drainage lines inside the bunkers were installed. The service capacity was not increased and the costs, if capitalized, were to correct a mishap in purchasing. Sand will always need to be installed as bunker play normally scatters sand outside the bunkers which is meshed into the fairways.
- Last year, a small one foot high split log fence was installed around certain tees and greens. These costs may have been capitalized, but did not increase service capacity and the objective may have been an effort for beautification.

Conclusion and Recommendation - These costs should be considered ongoing maintenance expenses similar to maintaining cart paths and parking lots. Beautification costs should be expensed as the results are similar to a marketing expense.

Recommendation would be to expense these historical costs in fiscal year 2021, consistent with the look back time period determined for the "Prior Year Adjustments" of \$514,254 made in fiscal year ending June 30, 2021 for previously capitalized costs for paving repairs and painting at the District various venues.

EXHIBIT A - Summary of Costs capitalized for Irrigation, Greens Tees and Bunkers - Golf Courses

EXHIBIT A

Incline Village General Improvement District

Capitalized Maintenance Costs which should have been expensed
Golf Courses

Fiscal years - 2015 to 2020

Six year time period

<u>Type of Maintenance</u>	<u>Championship</u>		<u>Mountain</u>		<u>Total Annual Avg</u>
	<u>Total Costs</u>	<u>Annual Average</u>	<u>Total Costs</u>	<u>Annual Average</u>	
Irrigation	160,023	26,671	48,953	8,159	34,829
Greens, Tees and Bunkers	212,352	35,392	151,874	25,312	60,704
Hole 17 rebuild	25,531	4,255			4,255
Drainage enhancements	7,982	1,330		-	1,330
Cart Path Retaining Walls			13,481	2,247	2,247
Total	<u>\$ 405,888</u>	<u>67,648</u>	<u>214,308</u>	<u>35,718</u>	<u>\$ 103,366</u>

MEMORANDUM

TO: Audit Committee

THROUGH: Ray Tulloch

FROM: Clifford F. Dobler

SUBJECT: Expensing net costs which were historically capitalized relating to 3 ongoing projects in the Utility Fund .

**STRATEGIC
PLAN REFERENCE(S):** None

DATE: 3-17-2022

I. RECOMMENDATION

The Audit Committee recommends that \$1,169,230 in costs net of accumulated depreciation for 3 ongoing Utility Fund projects be EXPENSED. The costs are for the fiscal years ending June 30, 2015 to 2021 (Exhibit A). It is recommend that the charge off and expense be incorporated in a revised Annual Comprehensive Financial Report as of June 30, 2021. The amount of accumulated depreciation must be determined.

II. BACKGROUND and ANALYSIS

Several years ago, IVGID established 3 capital projects as follows:

- 1) Adjust Utility Facilities in NDOT/Washoe County Right of Way (Exhibit B)
- 2) Replace Commercial Water Meters, Vaults and Lids (Exhibit C)
- 3) Replace and Reline Sewer Mains, Manholes and Appurtenances (Exhibit D)

The first project is mandated by various state agencies when public streets are being repaved. Normally the paving occurs annually. A contract is entered into with NDOT with estimates of cost of each manhole, vaults, or lid which are less than \$2,500 each and IVGID is responsible to complete the task .

The second project is the maintenance of 85 commercial water meters and 26 pressure reducing valve stations.

The third project is the replacement and rehabilitation of sewer mains , manholes and appurtenances . The District maintains 1,800 manholes, 100 miles of gravity sewer mains, 32 miles of force sewer mains and 79 air release valves. These do not include the Effluent Pipeline..

Some of the repairs and maintenance are accomplished by in house personnel. and larger projects may be contracted out.

The Moss Adams report dated 1-27-2021 - page 27 states: (Exhibit E)

"Governments often expend resources on existing capital assets. Most often, these expenditures simply preserve the asset's utility and are expensed as routine repairs and maintenance. Any outlay that does no more than return a capital to its original condition, regardless of the amount expended should be classified as maintenance and repairs. Since maintenance and repairs provide no additional value, their cost should be recognized as expense when incurred. (GAAFR 23-10)"

In addition, Board Policy 9.1.0 has set a capitalization threshold of \$5,000 based on individual items

Lastly, the current draft Capital Improvement Budget for fiscal year 2022-2023 has listed \$155,000 for the three projects to be EXPENSED.

Exhibit A - Expensing the net costs which were historically capitalized relating to 3 ongoing projects in the Utility Fund

Exhibit B - Project Summary 2907DI1401A Adjust Utility Facilities in NDOT/Washoe County Right away

Exhibit C - Project Summary 2299DI1103 Replace Commercial Water Meters Vaults

Exhibit D - Replace & Reline Sewer Mains, Manholes and Appurtenances

Exhibit E - Moss Adams report page 27

BID RESULTS

Not required

IV. FINANCIAL IMPACT AND BUDGET

Additional prior period adjustments except for F/Y 2021

V. ALTERNATIVES

Do not comply with Board approved decisions regarding expensing past capital asset and have inconsistencies in the reporting of the annual financial reports. .

VI. COMMENTS

None

VII. STRATEGIC PLAN REFERENCE(S)

None

VIII. BUSINESS IMPACT

Consistency with Board Policies and the Moss Adams recommendations provide for financial statements which are consistent from year to year and are fair and reasonable.

EXHIBIT A

**Incline Village General Improvement District
Expensing Utility Fund Capital Assets for water and sewer items
Fiscal year 2015 to 2021**

<u>Type of Capital Assets to be expensed</u>	<u>Account Num</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Adjust Utility Facilities in NDOT/Washoe County Right of Way	2097DI1401	\$ 3,458	136,548	24,354	71,248	60,027	30,376	21,874	\$ 347,885
Replace Commercial water meters, vaults and lids	2299DI1103	123,149	94,548	68,934	23,278	47,386	10,883	48,818	416,996
Replace & Reline Sewer Mains, Manholes & Appurtenances	2599SS1203	22,779	21,285	103,985	102,351	66,559	18,120	69,270	404,349
Total		\$ 149,386	252,381	197,273	196,877	173,972	59,379	139,962	\$ 1,169,230

Source - Capital Project Reports 2015 to 2021

DOES NOT INCLUDE ACCUMULATED DEPRECIATION



Project Summary

Project Number:	2097DI1401
Title:	Adjust Utility Facilities in NDOT/Washoe County Right of Way
Project Type:	E - Capital Maintenance
Division:	97 - Public Works Shared
Budget Year:	2021
Finance Option:	
Asset Type:	DI - Distribution Infrastructure
Active:	Yes

Project Description

Adjust manholes and valve box covers in public streets in conjunction with Washoe County, RTC and Nevada Department of Transportation (NDOT) projects, including Environmental Improvement Projects (EIP). The scope of annual projects are not known until spring of each year and is based on the Washoe County Public Works, RTC and NDOT preliminary estimates of work. In addition to the valves and manholes within Washoe County's project limits, IVGID will adjust some of the miscellaneous valves and manholes that are out of specifications if discovered. On occasion, NDOT and County projects can require utility relocation of a scope beyond simply adjusting manholes and valve box covers. The budget provided in this data sheet will also be utilized to cover the design costs associated with utility relocation on such projects.

Project Internal Staff

Engineering will do the contract administration, bidding, and inspection. Work is done by outside contractors.

Project Justification

As a requirement of our use of public rights-of-way for Utility improvements the District must adjust our structures to comply with the requirements of public infrastructure projects. Washoe County's CIP includes money for road and EIP work in Incline Village and Crystal Bay generally every year. In May 2021 Washoe Co. is expected to begin work on their Lower Wood Creek EIP likely affecting IVGID utilities. In 2021 NDOT anticipates extensive work along both SR28 and Mount Rose Highway. In prior years, the District has spent between \$30,000 and \$70,000 each year to complete this work. Certain projects can include complete relocation of sewer and water mains to avoid conflict with the infrastructure to be installed by the County or NDOT.

Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2021			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Year Total	25,000	0	25,000
2022			
Internal Services	10,000	0	10,000
NDOT projects	60,000	0	60,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	95,000	0	95,000
Year Total	180,000	0	180,000
2023			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000

2024			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2025			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2026			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2027			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2028			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2029			
Internal Services	10,000	0	10,000
NDOT projects	100,000	0	100,000
Raise Manholes & Valve Boxes	5,000	0	5,000
Washoe County projects	100,000	0	100,000
Year Total	215,000	0	215,000
2030			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2031			
Internal Services	10,000	0	10,000

Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2032			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2033			
Internal Services	10,000	0	10,000
Raise Manholes & Valve Boxes	15,000	0	15,000
Washoe County projects	35,000	0	35,000
Year Total	60,000	0	60,000
2034			
Internal Services	10,000	0	10,000
Washoe County projects	50,000	0	50,000
Year Total	60,000	0	60,000
2035			
Internal Services	10,000	0	10,000
Washoe County projects	50,000	0	50,000
Year Total	60,000	0	60,000
2036			
Internal Services	10,000	0	10,000
Washoe County projects	50,000	0	50,000
Year Total	60,000	0	60,000
	1,200,000	0	1,200,000

Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Jul 1, 2020	Jun 30, 2021	Senior Engineer	



Project Summary

Project Number:	2299DI1103
Title:	Replace Commercial Water Meters, Vaults and Lids
Project Type:	E - Capital Maintenance
Division:	99 - General Administration - Water
Budget Year:	2021
Finance Option:	
Asset Type:	DI - Distribution Infrastructure
Active:	Yes

Project Description				
The District owns and maintains 85 commercial water meters installed in heavy duty meter vaults and 26 pressure reducing valve stations. This project will continue the replacement of these commercial water meters and PRV vaults and or lids. Current useful life of a commercial meter is 20-50 years dependent on use, pressure and flows. Vault life can be approximately the same time period depending on location, traffic and the elements. These meters, vaults and lids have been put on our replacement list by priority but the list can change from year to year depending on the needs. These meters are in various configurations ranging in size from 4 to 10 inch. In coming years there will be continued replacement needed for meters, vaults and lids.				
Project Internal Staff				
Public Works staff will order and purchase the meters, vaults and lids, and bid and oversee the installations. Contractors will install the meters and replace vaults and lids.				
Project Justification				
Replacement of the commercial water meters will increase accuracy in meter reading and increase revenue. As meters age, they become less accurate and will measure water usage below actual, as is required by AWWA standards. Commercial water meters can last 20-50 years. Typically old meters are not worth repairing because parts are unavailable and newer meters meet the water demand profiles of our customers. Many meter vaults and lids are also in disrepair and need replacement for public and crew safety reasons and ease of accessibility for testing. This project allows for radio reading of all the commercial and residential meters combined. This project is programmed to replace the meter, vaults and lids using a just-in-time approach to maximize use prior to failure. In 2020-21, the District will be replacing all the large meter transponders from radio transponders to cellular transponders to improve data collection, enhance customer service and provide rel water usage tracking for these large revenue meters. Staff has received a quote of \$38,000 from Badger Meter for the materials. Staff would install during meter calibration and testing of these meters.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2021				
Transponder and Register Head Replacement	40,000	0	40,000	
Trimble Unit	10,000	0	10,000	
Vaults, structures and lids replacement	5,000	0	5,000	
Year Total	<u>55,000</u>	<u>0</u>	<u>55,000</u>	
2022				
Vaults, structures and lids replacement	40,000	0	40,000	
Year Total	<u>40,000</u>	<u>0</u>	<u>40,000</u>	
2023				
Vaults, structures and lids replacement	40,000	0	40,000	
Year Total	<u>40,000</u>	<u>0</u>	<u>40,000</u>	
2024				
Vaults, structures and lids replacement	40,000	0	40,000	
Year Total	<u>40,000</u>	<u>0</u>	<u>40,000</u>	
	175,000	0	175,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Jul 1, 2020	Jun 30, 2021	Collection/Distribution Supervisor	



Project Summary

Project Number:	2599SS1203
Title:	Replace & Reline Sewer Mains, Manholes and Appurtenances
Project Type:	E - Capital Maintenance
Division:	99 - General Administration - Sewer
Budget Year:	2021
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description

This project includes the replacement and rehabilitation of sewer mains, manhole and appurtenances. Sections of sewer line, manholes and air relief valve rehabilitation have been identified for replacement. A priority list has been developed by Public Works staff. In addition to regular maintenance, sewer rehabilitation projects help the District to stay in compliance with Nevada Department of Environmental Protection (NDEP) permits and avoid sanitary sewer overflows. The District maintains approximately 1,800 manholes, 100 miles of gravity mains, 32 miles of force main and 79 air relief valves.

Project Internal Staff

Public Works staff will perform design, bid, contract administration and inspection. Larger projects will be contracted out while smaller projects will be performed by Public Works staff.

Project Justification

Line blockages and ground water intrusion increases the District's operating costs and puts the District at risk of violating its (NDEP) permit and potentially incur fines. Typically older clay sewers exhibit poor performance and are likely candidates for blockages and increased maintenance activities mainly due to root intrusion. There are manholes throughout the service area that require rehabilitation to prevent groundwater intrusion, which can also cause the concrete structure to deteriorate and to possibly collapse. By keeping close track if line blockages, customer complaints and closed circuit television (CCTV) inspection results, a priority list has been established for replacement or relining of sewer mains and manholes. The priority is based on a score, flow, proximity to streams and/or the lake. Older air release valves (arv's) can be difficult to access and unsafe to work on. Parts for these valves are obsolete. By repairing faulty mains and manholes, we also reduce the potential for sewer overflows in storm events while reducing the flows to the wastewater treatment plant. This works in conjunction with a strong preventative maintenance program of line cleaning and CCTV work. Extensive sewer main rehabilitation work was done in 2014 by CIPP lining and future projects are planned for anticipated failures as pipes age. ARV replacements are ongoing by IVGID crews.

Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2021			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	75,000	0	75,000
Year Total	80,000	0	80,000
2022			
Internal Services	10,000	0	10,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	60,000	0	60,000
2023			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	55,000	0	55,000

2024			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Replace Air Relief Valves and Appurtenances	50,000	0	50,000
Year Total	105,000	0	105,000
2025			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	55,000	0	55,000
2026			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Sewer Main Rehabilitation	500,000	0	500,000
Year Total	555,000	0	555,000
2027			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	55,000	0	55,000
2028			
Construction Inspection & Testing	5,000	0	5,000
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	100,000	0	100,000
Replace Air Relief Valves and Appurtenances	50,000	0	50,000
Year Total	160,000	0	160,000
2029			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	55,000	0	55,000
2030			
Internal Services	5,000	0	5,000
Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	55,000	0	55,000
2031			
Internal Services	5,000	0	5,000

Manhole and Wet Well Rehabilitation	50,000	0	50,000
Year Total	55,000	0	55,000
2032			
Construction Inspection & Testing	5,000	0	5,000
Internal Services	5,000	0	5,000
Sewer Main Rehabilitation	100,000	0	100,000
Year Total	110,000	0	110,000
2033			
Construction Inspection & Testing	40,000	0	40,000
Internal Services	50,000	0	50,000
Manhole and Wet Well Rehabilitation	150,000	0	150,000
Sewer Main Rehabilitation	1,000,000	0	1,000,000
Year Total	1,240,000	0	1,240,000
2034			
Manhole and Wet Well Rehabilitation	150,000	0	150,000
Sewer Main Rehabilitation	1,000,000	0	1,000,000
Year Total	1,150,000	0	1,150,000
2038			
Replace Air Relief Valves and Appurtenances	50,000	0	50,000
Year Total	50,000	0	50,000
	3,840,000	0	3,840,000

Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Jul 1, 2020	Jun 30, 2021	Senior Engineer	



Moss Adams Report

machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets including roads, bridges, tunnels, drainage water and sewer systems. (GASB Cod Sec 1400.103)

Accepted practice includes recognition of the different stages of a project including preliminary, construction, and post-construction. Preliminary stage activities include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies, and development of financing alternatives. Construction stage includes the engineering and design work on the chosen alternative, actual construction costs, direct payroll of employees working on the project along with certain overhead, and ancillary charges necessary to get the asset in working condition. Post construction stage includes, among other costs, training of employees on use of a particular asset. (GASB Cod Sec 1400.143-149)

Costs incurred in the preliminary and post-construction stages are typically expensed as they are not directly connected with creating service capacity of a particular asset. A project is not considered to enter the construction stage until an actual project alternative has been selected, it is determined the selected alternative will meet the intended needs and objectives, financing for the project has been identified, and the entity establishes in some meaningful way it is committed to proceed with the project such as, for example, including the financing sources and necessary expenditures in the budget. (GAAFR 23-7 to 9)

Governments often expend resources on existing capital assets. Most often, these expenditures simply preserve the asset’s utility and are expensed as routine repairs and maintenance. Any outlay that does no more than return a capital asset to its original condition, regardless of the amount expended, should be classified as maintenance and repairs. Since maintenance and repairs provide no additional value, their cost should be recognized as expense when incurred. (GAAFR 23-10)

Best practices to consider for inclusion in policies and practices include:

- The different stages of a project and the types of costs incurred in the different stages.
- The accounting treatment of costs incurred in the different stages.
- What elements or criteria need to be met for expenditures associated with a repair project to be eligible for capitalization based on the concept of service capacity in addition to the extension of useful life of an asset.
- Provide for a different dollar threshold for the different classifications of capital assets. (GFOA best practices)

Evaluation of the District’s current capitalization practices.

We find that the District’s practice of capitalizing expenditures incurred in what would meet the definition of the preliminary stage of a project as noted above is inconsistent with the accepted practice. Examples include payments to external consultants and internal staff payroll costs to develop master plans, feasibility studies, and related engineering and overall system planning. Current established practice includes the capitalization of certain costs incurred in a preliminary stage such as engineering, architectural, and design for projects that are actually constructed to the extent those costs would have been necessary for the project in any event.

MINUTES

AUDIT COMMITTEE MEETING OF APRIL 13, 2022 Incline Village General Improvement District

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chairman Ray Tulloch on Wednesday, April 13, 2022 at 2:05 p.m. via Zoom.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), Matthew Dent (Trustee) and Raymond Tulloch (At-Large Member) (Chair)

On roll call, present were Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), Raymond Tulloch (At-Large Member, Chairman) and Matthew Dent (Trustee).

B. PUBLIC COMMENTS

Chris Nolet said thank you for the opportunity to comment. My question is primarily directed at our auditors - Davis Farr. How was a clean (i.e. unqualified) report issued on the 2021 ACFR when it was the written, unanimous view of the Audit Committee that the ACFR was NOT fairly presented, in all material respects, in accordance with GAAP and GASB? As a retired CPA and auditor with 40+ years of experience, I am struggling to identify what possible audit evidence was accumulated by our auditors and what judgement was applied in order to render an opinion contrary to the conclusion determined by the Audit Committee, which by the way includes two of the five Board Trustees. Oftentimes public comments like this one do not receive any formal public response. I really hope to hear back from our auditors (possibly through the Audit Committee or District management) by the end of this month. Absent a substantive response, I will likely forward my question to both the California Board of Accountancy and the American Institute of Certified Public Accountants for their evaluation and possible action.

C. APPROVAL OF AGENDA (for possible action)

Audit Committee At-Large Member Dobler said on Item D.4. – agenda pages 73 – 79, this item should just be removed as this is not the proper attachment. Trustee Schmitz said on Item D.8. – believe this issue has been address by District Legal Counsel and Staff and this isn't going to be an issue going forward and would request that it be removed from agenda. Audit Committee At-Large Member Dobler said it was brought to the Audit Committee almost a year ago, asked and requested to redo the memorandum, meaningless to him that the Board thinks that it has been put to bed. District General Counsel Nelson agreed with Trustee Schmitz' characterization and asked for a vote. Audit Committee Chairman Tulloch said there was a contract without resources. District General Counsel Nelson said that

is not a correct characterization and we have made changes to the template to avoid this situation in the future. Audit Committee At-Large Member Dobler said he would like to hear from Staff. District General Counsel Nelson said we need to get clarification on the item being on the agenda. Trustee Schmitz said she has no problem with allowing the item to remain; Audit Committee Chairman Tulloch said it remains on the agenda as revised. Audit Committee Chairman Tulloch said he is trying to schedule another meeting as the audit engagement letter was removed from the agenda without his approval.

D. GENERAL BUSINESS ITEMS (for possible action)

D.1. Review and discussion of draft report to Board of Trustees on the Annual Comprehensive Financial Report and Staff response

Audit Committee Chairman Tulloch gave an overview of the submitted materials. Director of Finance Navazio said that the Management response is included in the Board of Trustees packet and is not included in this packet; Director of Finance Navazio then went over Management's response as it was discussed at the last Audit Committee meeting. Audit Committee Chairman Tulloch said he doesn't understand why the draft wasn't brought to the Audit Committee. Director of Finance Navazio said we spent a fair amount of time going through each of the items and following that meeting the Board received the Audit Committee report absent Management's response, Board asked for deferral pending Management's response, they were prepared for the Board, and they are available as they are a public document. We discussed this at the last Audit Committee meeting and the Audit Committee understood Staff was preparing this for the Board meeting therefore he is not sure why this is back on the agenda; the Board asked Staff for their comments and they were provided. Audit Committee Chairman Tulloch said he had a different understanding and it was his understanding and that the courtesy would be to take it to the Audit Committee and if there was a change, the courtesy was to provide it to the Audit Committee first. Director of Finance Navazio said it is essentially the same response. Audit Committee At-Large Member Dobler said as far as Staff is concerned, you see no need to change the financial statements presented to the Board prior to the Audit Committee doing their report and you intend to tell the Board that you are going to make no changes to the ACFR as of June 30, 2021? Director of Finance Navazio said yes, and we have been consistent on it, that as far as Management is concerned the ACFR is complete, final and transmitted to the State of Nevada who have accepted it as final and any conversations further will be related to the next audit. We see no need to

change the 2021 ACFR. Audit Committee Chairman Tulloch said the Audit Committee charter states that the Auditor reports to the Audit Committee. ACFR was agreed to and it was presented to the Board on the same night as it was presented to the Audit Committee. District General Counsel Nelson said he needs to check the agendas but he thinks that is right. Audit Committee Chairman Tulloch said so the ACFR comes to Audit Committee. District General Counsel Nelson said Policy 15.1.0 states the Audit Committee has oversight. Audit Committee At-Large Member Dobler said that the Audit Committee has oversight for the auditor. Audit Committee Chairman Tulloch said obviously it calls into question the independence of the Audit Committee. He appreciates the agreement on some of the recommendations and there is not a lot more that the Audit Committee can do at this point. Audit Committee At-Large Member Dobler said somehow, somehow everyone believes that the auditor is like Moses, if we feel that we produced an ACFR that is incorrect, the Board makes the decision to restate and not the auditor. We have ample evidence that there were certain things that were not done that impacts the financial statements. We have over \$1 million in pre-advancing design that should have been taken care of this year and we aren't going to take care of it but maybe we will have a new Audit Committee and that will be 4 period prior adjustments that this will have gone on. It took Managements look at the capital assets, he does the work, he submits it, it is discarded, and he is basing it on nothing more than facts. Our goal is to have accurate financial statements because we are going to be floating some bonds in the coming years. We are spending our time on getting these financial statements right. Audit Committee Chairman Tulloch said he has concerns with inconsistencies. Trustee Schmitz said she did pull up the Board packet and Management's comments have been substantially changed since our last meeting. The trouble she has is that the Auditor relies on Management's representation, again there is no explanation as to why the inconsistencies that were identified and showing expensed and then capitalized and now being shown as expensed. There is no explanation and this Audit Committee has requested this several times and we haven't received any explanation. This is Management's representation and she doesn't see any explanation as to how that the policy is being interpreted differently and there is no explanation from Management and she finds it deficient. Audit Committee Chairman Tulloch said he would agree with Trustee Schmitz and the \$5,000 limit has been removed and that grouping is acceptable. The Capitalization Policy that was presented in January wasn't presented to the Audit Committee, as a courtesy, and he finds it hard to understand the grouping. Not sure if there is much more we can do, failure to comply with Policy 15.1.0, and would take note of that when reviewing the

engagement letter. Trustee Schmitz said we have spent far too much time without explanation from Management and the whole goal is to work together and to have better financial statements going forward and she does not understand why there is such resistance without understanding from Management; she finds it disappointing and she is disheartened by it. Trustee Dent said Trustee Schmitz mentioned a lot of the same things at the Board meeting and lack of understanding as to why we aren't following Board policies or resistance in following policies. He would echo that disappointment, will rely on Moss Adams to move forward, move forward together, have a reboot, and it is unfortunate that we can't get there. There has been many, many questions that have been answered, before Moss Adams, there were a lot of questions out there. Unfortunate that we aren't moving forward. Audit Committee Chairman Tulloch said he would agree and that we have put in clear definitions and seems to be that there is an ignoring of the Audit Committee which is political and take note of Mr. Nolet's public comment. Our comments have been minuted here, do appreciate items 1 and 6 which he agrees with, and that is some progress. Audit Committee At-Large Member Dobler said that we, as the Audit Committee, did a lot of work to and take the memo and toss it aside is absolutely sickening. Director of Finance Navazio said without regard to the individual comments or recommendations – remind the committee of two things – with 1 or 2 exceptions which were raised prior to the audit and during, there were several topics that were discussed with the auditors. Staff worked hard to work with the Audit Committee, there was draft ACFR, and the one with their opinion is the one that we filed. He understands the addressing of the concerns and were we landed, we took them seriously and when they rendered their opinion, that is their opinion. Audit Committee At-Large Member Dobler said that is nonsense. Trustee Schmitz said it is her understanding that the practice for capitalization had not been provided to the auditor until the ACFR had been turned in and that is a policy decision which is for the Board and the other question, and her recollection, is that some of these were identified after ACFR? Audit Committee Chairman Tulloch said he agreed with Trustee Schmitz. Audit Committee At-Large Member Dobler said on June 9 he brought forward a memo on the pre-design assessments so it wasn't after the fact at all as it was done far in advance of doing the audit.

Trustee Dent left the meeting at 3:23 p.m. and rejoined the meeting at 4:45 p.m.

D.2. Review, discuss and possibly provide recommendations to the Board of Trustees regarding the further implementation of the Moss Adams recommendations as contained in the Final Report entitled “Evaluation of Certain Accounting and Reporting Matters”, report dated January 14, 2021

Trustee Schmitz gave an overview of the submitted materials. The Audit Committee had an extensive and varied discussion on the recommendations as presented.

Trustee Schmitz made a motion that the Audit Committee make the following recommendations to the Moss Adams 2 report; as it relates to Item Number 1, the recommended action is to request Staff for the documentation related to central services cost allocations and recommendations for methods of enhancements and to also evaluate where and if internal services funds for a direct billing would be appropriate. Number 2, as it relates to punch card accounting, the recommendation is that there are long term strategies to be proposed on how the future of punch cards are going to be administered and accounted for. Number 3, the recommendation as stated is currently being done however there was a recommendation to further breakdown that number to include operations, capital improvement projects and debt so that it can be tracked by cost center. Number 4, the Audit Committee recommends as written (*report the Facility Fees as non-operating revenue in the statement of revenues and expenses, as non-capital related financing activities section in the statement of cash flows and as program revenue in the statement of activities*) and the actions are for the District General Manager and the Director of Finance to get back to the Audit Committee with the direction that the feel is best suited given the Audit Committee’s recommendation. As it relates to Number 5, it is to refine the language specific to the Capitalization Policy 6.0 and 6.1 for enhanced clarity.

Audit Committee Chairman Tulloch said he would like to add to that – he would like the Capitalization Policy to eliminate the first part of 5.4 and eliminate the term “capital maintenance” which is an oxymoron and capital maintenance was previously referred to as keeping up your assets. This has nothing to do with capital as it is repair and maintenance activities so he would modify 5.4, the third bullet point as repairs and maintenance. Trustee Schmitz asked to counter that and referred to agenda packet page 29 and read the very last paragraph on that page. She does have it on her list that

the Capitalization Policy come back to the Audit Committee but she was trying to keep this to the scope of the Moss Adams recommendations. Audit Committee Chairman Tulloch said that is a good catch and that he should have turned the page; he is good with Trustee Schmitz' summarization.

Audit Committee At-Large Member Dobler seconded the motion. Audit Committee Chairman Tulloch called the question and the motion was passed unanimously.

D.3. Review, discuss and determine if any further action is necessary on the Effluent Pipeline Capital Improvement Project charges to expense for FY 2020 and 2021

This item was covered by Item D.1.

D.4. Review, discuss and determine if any further action is necessary on the Golf Courses Irrigation, Greens, Tees, Bunkers and similar items as expenses rather than capital assets

This item was postponed.

D.5. Review, discuss and determine if any further action is necessary on the lack of disclosure of Claims Payable - Note 13 and Restricted Funds - Note 14 in the 2021 Annual Comprehensive Financial Report

This item was postponed.

D.6. Review, discuss and determine if any further action is necessary on the expensing net costs which were historically capitalized relating to 3 ongoing projects in the Utility Fund.

This item was postponed.

D.7. Review, discuss and determine if any further action is necessary on Note 22 - Prior Period Adjustment - Annual Comprehensive Financial Report as of June 30, 2021 (ACFR)

This item was postponed.

D.8. Review, discuss and determine if any further action is necessary on the Burnt Cedar Pool: Non-compliance with NRS 354: Issuing contracts for the Burnt Cedar Pool construction in excess of available resources

This item was postponed.

D.9. Review, discuss and possibly update the Audit Committee Long Range calendar

Audit Committee Chairman Tulloch asked for items; Audit Committee At-Large Member Dobler suggested several items for the long range calendar and Trustee Schmitz suggested several items for the long range calendar. Audit Committee Chairman Tulloch noted all items and said he would provide an updated long range calendar.

D.10 Review, discuss and determine if any further action is necessary on any correspondence received by Audit Committee

There was no correspondence received.

E. MEETING MINUTES (for possible action)

E.1. Meeting Minutes of November 17, 2021

Audit Committee At-Large Member Dobler had one change which was accepted. The minutes were approved as revised.

E.2. Meeting Minutes of December 8, 2021

The minutes were approved as submitted. Audit Committee At-Large Member Dobler abstained.

E.3. Meeting Minutes of December 16, 2021

The minutes were approved as submitted. Audit Committee At-Large Member Dobler abstained.

E.4. Meeting Minutes of February 22, 2022

The minutes were approved as submitted. Audit Committee At-Large Member Dobler abstained.

F. PUBLIC COMMENTS*

There were no public comments made at this time.

G. ADJOURNMENT (*for possible action*)

The meeting was adjourned at 4:49 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

MINUTES

AUDIT COMMITTEE MEETING OF APRIL 21, 2022 Incline Village General Improvement District

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chairman Ray Tulloch on Thursday, April 21, 2022 at 5:00 p.m. via Zoom.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), Matthew Dent (Trustee) and Raymond Tulloch (At-Large Member) (Chair)

On roll call, present were Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), Raymond Tulloch (At-Large Member, Chairman) and Matthew Dent (Trustee) (joined the meeting at 5:03 p.m.).

B. PUBLIC COMMENTS

Dick Warren said General Business Item D.1 – he has full confidence that the Audit Committee will do the right thing and demand that Davis Farr expand their annual audit to do a very, very comprehensive report. For Davis Farr to do a repeat of what was done last year would be to waste another \$49,000. Why not spend \$150,000 or so and get a good audit, something that will expose the many, many irregularities of IVGID? It is obvious that IVGID has major deficiencies in Internal Controls, how else could IVGID wind up with a couple of Material Misstatements and a Significant Deficiency or two and still get a clean opinion? And how does Davis Farr get away with issuing a clean opinion when the Audit Committee was quite concerned about material issues in the financials? Unfortunately, the Audit Committee will do the right thing and recommend to the Board that the audit be expanded significantly, but then the Board will shoot it down due to the costs involved. It is ironic that the Board has no issues spending excessive amounts of monies on projects like the Burnt Cedar Pool, the Effluent Pipeline, you name it, but spending more money on an audit is out of the question. But this gets back to the basic problem that the District General Manager controls the Board, and the District General Manager does understand that expansion of any audit will expose more and more problems at IVGID, and he certainly does not want that to occur. There is no reason to repeat the audit that was done in the prior year, it is just a waste of money at \$49,000. Let's go to \$150,000, maybe \$200,000, and get a great audit. And Audit Committee, you might want to consider getting someone other than Davis Farr to do it. Thank you.

Chris Nolet said consistent with the public remarks he made during the Audit Committee meeting on April 13th, 2022, these remarks are also directed to our auditor Davis Farr. In addition to the questions he has posed to Davis Farr during

the meeting last week, he has the following suggestion. Based on numerous discussions he has had with Audit Committee members and District management, it appears to him that little to no detailed explanation has been provided by Davis Farr to the Audit Committee as to the technical bases, judgments and other considerations supporting the response that you simply "don't agree" with most of the 6 Audit Committee recommendations concerning likely misstatements in the 2021 ACFR. One element of an auditor's role is to engage in constructive dialog and educate its clients. It is his understanding that no such forum/dialog has taken place. Such a meaningful dialog should take place immediately, so the 2022 engagement letter can then be executed with the confidence that the matters of current disagreement will not occur again during the 2022 financial statement audit. Absent such a fulsome discussion, and given the obvious very high degree of alignment with management, one begins to question the possible lack of independence of our current auditor.

C. APPROVAL OF AGENDA (for possible action)

Audit Committee Chairman Tulloch asked for changes to the agenda, none were made. The agenda was approved as submitted.

D. GENERAL BUSINESS ITEMS (for possible action)

D.1. Review, discuss and possibly take action on the Davis Farr draft engagement letter; to include discussion on schedule, reporting, milestones and interim deliverables and to include discussion related to concerns of the Audit Committee and options for expanding annual audit by Davis Farr

Audit Committee Chairman Tulloch welcomed Ms. Jennifer Farr of Davis Farr. District General Counsel Nelson said that there was some supplemental material that were posted on the website that might be discussed at this meeting. Audit Committee Chairman Tulloch went over the submitted material. Ms. Farr said that she was here was to answer questions and not make a presentation. The Audit Committee then had a comprehensive discussion with Ms. Farr and asked a variety of questions which she answered.

The outcome of this discussion was the following:

1. The Audit Committee needs to prioritize getting the engagement letter finalized and forwarded to the Board of Trustees.

2. Ms. Farr said she will provide lots of options for additional potential audit work and that she will provide that to both the Audit Committee Chairman and Management so as to allow all parties to focus on the narrowing down.
3. While the Audit Committee Chairman has the authority to sign the presented engagement letter and the Audit Committee would need to go back to the Board for approval of any additional scope of work and/or added areas of auditing, the Audit Committee Chairman would prefer to keep them both together and go to the Board of Trustees once.
4. Audit Committee unanimously tasked Trustee Schmitz, Director of Finance Navazio and Ms. Farr to work together to get everything to the Board for their May 11 Board meeting. Trustee Schmitz asked if having it on the May 26 Board meeting agenda was acceptable – Ms. Farr stated that the financial statement audit is scheduled to start on May 23 so if the engagement letter can be approved, that would keep that schedule intact. If not, then they would be unable to start until later in June. Audit Committee Chairman Tulloch held firm and asked that it be wrapped up so as to go onto the May 11 Board meeting agenda.
5. Ms. Farr agreed to adding a timeline on each procedure.

E. PUBLIC COMMENTS*

There were no public comments made at this time.

F. ADJOURNMENT (for possible action)

The meeting was adjourned at 6:40 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.