

MEMORANDUM

TO: Board of Trustees

FROM: Audit Committee

SUBJECT: Review, discuss, and possibly approve the designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2020 – Eide Bailly, LLP at a cost of \$58,500 (the last year of a five year contractual obligation)

DATE: February 28, 2019

I. RECOMMENDATION

The Audit Committee is recommending that the Board of Trustees designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2020, under their multiyear contract as outlined under the financial section.

II. BACKGROUND

The Audit Committee met December 11, 2019 to ratify the selection of the District's auditor. On the assumption that meeting finds it in order to recommend Eide Bailly, LLP, this memo has been prepared to document the designation. The Engagement Letter, when provided by the auditor, will be sent to the Audit Committee Chair for signature.

District Staff will notify the State Department of Taxation of our designation before March 31, 2020. As required by Nevada Revised Statute 354.624 and Nevada Administrative Code 354.705, each local government is required to designate an auditor or firm annually, not later than three months before the close of the fiscal year for which the audit is to be made.

At the direction of the Audit Committee, staff prepared and sent out a request for audit services in 2016 that resulted in Eide Bailly, LLP's selection under a multiyear engagement plan to control fee increases. The Audit Committee agreed that the multiple year fee schedule presented in the Eide Bailly, LLP audit proposal presented an opportunity for cost savings over time and it would be prudent to consider this option and incorporate it into its award recommendation. The District has engaged Eide Bailly, LLP for four years under the multiyear proposal.

III. FINANCIAL IMPACT AND BUDGET

The following fee information was presented by Eide Bailly, LLP. and was accepted by the Audit Committee:

Fiscal Year Ending	Annual Fee
June 30, 2016	\$ 52,500
June 30, 2017	\$ 54,000
June 30, 2018	\$ 55,500
June 30, 2019	\$ 57,000
June 30, 2020	\$ 58,500

IV. COMMENTS

District staff expects an engagement letter will be received sometime in April each year. Staff has discussed a tentative set of dates. We anticipate interim work in May or June, while conducting fieldwork later in August and September with a delivery of the Audit Report in time to meet statutory requirements November 30. Acceptance by the Board of Trustees would follow in December. This item is placed on the Consent Calendar as it is a routine matter, within budget, and part of a long term contractual commitment.

there were no changes to the amounts of the transaction and it didn't change dollar amounts or which fund held them at different points in sequence. Trustee Morris asked about item 3, the Washoe County item, when will we pay that out ultimately. Director of Finance Eick said it will be paid for by the General Fund and that he believes that is appropriate for two reasons – one, general fund receives ad valorem taxes and two, the nature of the order and refund is about that tax and none of the other funds have received those monies as it should clearly be in the general funds. He will leave some notes for what we can do and that the General Fund will have to trade off some future items. Trustee Morris said, right now, in round numbers, is it around \$1.2 million dollars. Director of Finance Eick said the last time it was done, it took three (3) years to do it and cost us \$1.245 million dollars so his rough estimate, using the court order, and we will have to see where it is going and similar number to last time at \$1.25 million dollars, we have fund balance of three million dollars which we thought might go to a building. It will be noticeable but the General Fund has the best opportunity to do this payback. Trustee Morris said, referencing agenda packet page 8, item C, that he appreciates Staff setting that up e-mail and asked if it was well published. Director of Finance Eick said when it was created, we asked every one of the Senior Managers to announce it to their Staff. He made written notice, in the audit report, and on the Intranet; employees are aware that it exists.

Trustee Morris made a motion that the District's Audit Committee accept and recommend to the Board of Trustees approval and acceptance of the June 30, 2019 unmodified audit report, direct Staff to file the Comprehensive Annual Financial Report (CAFR) with the State of Nevada, and make it generally available for public use. Trustee Wong seconded the motion. Trustee Wong asked for any further comments, hearing none, she called the question - the motion was passed unanimously.

2. **Review, discuss, and possibly approve the designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2020 – Eide Bailly, LLP at a cost of \$58,500 (the last year of a five year contractual obligation) (Requesting Trustee: Chairman of the Audit Committee Phil Horan)**

Director of Finance Eick went over the submitted materials.

Trustee Morris said that the current contract will end June 30, 2020, so during the first six months of next year, will we be considering services for audit. Director of Finance Eick said yes, you will look at going through that process and discuss that scope of services which could begin in advance of next June.

Trustee Wong asked what is the requirement for rotation government entities. Director of Finance Eick said that he didn't believe there is one and that in the course of ten years, the District has had three different partners. Trustee Morris said that this \$58,500 is what was in the contract so there are no price uplifts. Director of Finance Eick said yes, they have the assurance of the work and we have the assurance of the price.

Trustee Morris made a motion that the Audit Committee recommends to the Board of Trustees that they designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2020, under their multiyear contract (covering 2016 through 2020) as outlined under the financial section. Trustee Wong seconded the motion. Trustee Wong asked for any further comments, hearing none, she called the question - the motion was passed unanimously.

3. **Open Meeting Law (OML) Opinion 13897-316 – Inclusion on the Audit Committee Agenda as requested by the Office of the Attorney General (OAG), State of Nevada – Findings of Fact and Conclusions of Law to be the result of the OAG investigation in the matter of the Attorney General File No. 13897-316 and as a requirement of NRS 241.0395**

Trustee Wong said that this was required to be put on the agenda so no action is required.

Trustee Morris, referencing agenda packet page 115, said that the memorandum indicates both cases and in reading through this he got a little confused. We are doing this as required, we missed publicizing this at the last meeting, and that is where there are two things referencing the same thing. District General Counsel Jason Guinasso said yes, that is correct. We put it on the regular Board meeting agenda and then a subsequent filing was