

# NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held starting at **3:00 p.m.** on **Thursday, November 19, 2020** at the Boardroom, 893 Southwood Boulevard, Incline Village, Nevada.

In compliance with State of Nevada Executive Department, Declaration of Emergency Directives 006, 016, 018, 021, 026, and 029, this meeting is closed to the public and attendance is limited to members of the Board of Trustees and essential staff. 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](mailto:info@ivgid.org) by 2:00 p.m. on Thursday, November 19, 2020) or via telephone (the telephone number will be posted to our website on the day of the meeting).

- A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS\*  
Derrek Aaron (At-Large Member), Matthew Dent (Trustee, Chair), Cliff Dobler (At-Large Member), Sara Schmitz (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. FY2019/2020 Independent Financial Audit. - Update by the Director of Finance Paul Navazio on the District's 2019/2020 Independent Financial Audit being conducted by Eide Bailly
    - a. Review and discuss materiality as it relates to the Comprehensive Annual Financial Report (CAFR) (Presentation by Eide Bailey Auditor Tiffany Williamson) – **page 4**
    - b. Review and discuss DRAFT 2019/2020 CAFR audited basic financial statements, notes, and management discussion and analysis (MD&A). (Director of Finance Navazio) – **pages 5 – 64, pages 227 - 241**
    - c. Update on status of and Moss Adams review of District's financial reporting practices (Audit Committee Chairman Matthew Dent)
    - d. Update on request for thirty 30-day extension to file annual audit report made to the Nevada Department of Taxation (Director of Finance Navazio) – **page 66**

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**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

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# NOTICE OF MEETING

## Agenda for the Audit Committee Meeting of November 13, 2020 - Page 2

2. Review of and update on Request for Proposal (RFP) for Independent Audit Services – **pages 67 - 143**
  3. Verbal update to the Audit Committee on District's Internal Controls and Staffing (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent) – **page 144**
  4. Review and discuss timeline and next steps as it relates to moving the District back to Enterprise Fund Accounting (Requesting Staff Member: Director of Finance Paul Navazio) – **pages 145 - 154**
  5. Chart of Accounts Review and Update - as it relates to Board of Trustees action taken at their November 9, 2020 Special Board of Trustees meeting. (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent) – **page 155**
  6. Acknowledge receipt of legal opinion for community correspondence regarding Dillon's Rule (Requesting Staff Member: District General Counsel Joshua Nelson) – **pages 156 - 164**
  7. Review, discuss and possibly approve a Whistleblower procedure for financial matters (Requesting Staff Members: District General Counsel Joshua Nelson and District General Manager Indra Winquest) – **page 165 - 167**
  8. Review, discuss, and possibly take action related to the following communications that have been received and are included: (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent)
    - a. May 2, 2020 email communication regarding the Engagement Letter, the Audit Committee charter and communications from Mr. Dick Warren – **pages 168 - 172**
    - b. October 19, 2020 email communication regarding 2018-19 CAFR capitalization, expense notes, and deferred interest received from Audit Committee Member at Large Cliff Dobler – **pages 173 – 201, pages 242 - 247**
    - c. November 6, 2020 email communication regarding Air Relief Valves from Audit Committee Member at Large Cliff Dobler – **pages 202 - 214**
- E. LONG RANGE CALENDAR (for possible action)
- Review with Audit Committee, long range calendar (Requesting Trustee: Audit Committee Chairman Matthew Dent) – **page 215**
- F. APPROVAL OF MEETING MINUTES (for possible action)
1. Audit Committee Meeting Minutes of October 27, 2020 – **pages 216 - 226**
- G. PUBLIC COMMENTS\* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.
- H. ADJOURNMENT (*for possible action*)



# NOTICE OF MEETING

Agenda for the Audit Committee Meeting of November 13, 2020 - Page 3

## CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Monday, November 16, 2020, at 9:00 a.m., a copy of this agenda (Audit Committee Session of November 19, 2020) 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
- 2. Incline Village Post
- 3. Crystal Bay Post
- 4. Raley's Shopping
- 5. Incline Village
- 6. IVGID's Recreation

**SUSPENDED – STATE OF NEVADA  
EXECUTIVE DEPARTMENT,  
DECLARATION OF EMERGENCY,  
DIRECTIVE 006 (SECTION 3), 016,  
018, 021, 026 and 029**

- Vorderbruggen Building (Administrative Offices)
- Office
- Office
- Center
- Branch of Washoe County Library
- Center

*/s/ Susan A. Herron, CMC*  
Susan A. Herron, CMC

Clerk to the Board of Trustees (e-mail: sah@ivgid.org/phone # 775-832-1207)

**Audit Committee Members:** Derrek Aaron (At-Large Member), Matthew Dent (Trustee, Chair), Cliff Dabler (At-Large Member), Sara Schmitz (Trustee), and Raymond Tulloch (At-Large Member)

**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. Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.

**IVGID'S agenda packets are now available at IVGID's web site, [www.yourtahoeplace.com](http://www.yourtahoeplace.com); go to "Board Meetings and Agendas". A hard copy of the complete agenda packet is also available at IVGID's Administrative Offices located at 893 Southwood Boulevard, Incline Village, Nevada, 89451.**

## MEMORANDUM

**TO:** Audit Committee

**FROM:** Paul Navazio  
Director of Finance

**SUBJECT:** FY2019/20 Independent Financial Audit

**DATE:** November 12, 2020

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### **I. RECOMMENDATION**

Staff recommends that the Audit Committee receive an update on progress in completing the independent financial audit for the fiscal year ending June 30, 2020 currently being conducted by Eide Bailly, LLP. The update will include:

- a) Discussion of materiality thresholds established by the District's Independent Auditor Eide Bailly's Tiffany Williamson.
- b) Review of draft Management Discussion and Analysis, draft Basic and Supplemental Financial Statements and draft Notes to the Financial Statements
- c) Update on the status of the review of selected District financial reporting practices being conducted by the accounting firm of Moss Adams, LLP
- d) Consideration of District's request for 30-day extension to file annual audit report with the Nevada Department of Taxation.

#### Attachments:

- 1) Draft Management Discussion and Analysis
- 2) Draft Basic Financial Statements
- 3) Draft Notes to Basic Financial Statements
- 4) Draft Supplemental Financial Statements
- 5) Correspondence Requesting 30-day Extension to File Audit Report with the Nevada Department of Taxation

D.1.b. - Review and discuss  
DRAFT 2019/2020 CAFR  
audited basic financial  
statements, notes, and  
management discussion and  
analysis (MD&A). (Director of  
Finance Navazio)

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020**

This section of the Incline Village General Improvement District's (IVGID's) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter, financial statements and notes to gain a more complete picture of the information presented therein.

**FINANCIAL HIGHLIGHTS**

Financial highlights based on Government-wide Financial Statements, for the year ended June 30, 2020:

- The District's net position as of June 30, 2020 was \$158.20 million and reflects an increase in net position of \$5.23 million over the prior year. Of this amount, a total of \$36.46 million (unrestricted net position) is available to meet the District's future obligations, including future planned capital projects.
- The net position if the District's governmental activities increased by \$3.85 million (to \$79.50 million) and the net position of the District's business-type activities increased by \$1.39 million (to \$78.70 million).
- The District's General Fund reported an ending fund balance, as of June 30, 2020, of \$4.63 million, representing an increase of \$0.86 million over the prior year. Of this amount, a total \$3.11 million represents the unassigned fund balance.
- The District's Community Services Special Revenue Fund ended the year with a fund balance of \$15.11 million, reflecting an increase of \$1.78 million from the prior year; the Beach Special Revenue Fund ended the year with a fund balance of \$2.59 million, reflecting an increase of \$0.78 million from the prior year. The entire fund balance within the District's Community Services and Beach Special Revenue funds are either restricted or assigned for future use to support the District's recreational programs and facility improvements.
- As of June 30, 2020 the District had total bond debt outstanding of \$5.22 million including Utility Revenue Bonds outstanding of \$4.08 million and Recreation Bonds outstanding totaling \$1.14 million. The District retired \$884,988 in bond principal during the fiscal year.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which consists of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other Supplementary Information in addition to the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District finances in a manner similar to a private-sector business.

The ***Statement of Net Position*** presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases, in net position, may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

that will only result in cash flows in future fiscal periods. For example, the vacation wages liability recognizes a current cost while payment is in the future.

Both of the government-wide financial statements (*Statement of Net Position* and *Statement of Activities*) distinguish functions of the District as either governmental activities or business-type activities. The governmental activities of the District include administration, recreation and internal service activities. These are supported by general tax revenues, facilities fees assessed on properties within the District as well as charges for services. The business-type activities of the District include utility (water, sewer and solid waste) activities that reflect enterprise operations where a fee for service typically covers all or most of the costs of operations including depreciation and debt service.

#### **Fund Financial Statements**

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

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

The District maintains multiple governmental funds. Information is presented separately in the governmental fund financial statements for the General Fund, Community Services Special Revenue fund, Community Services Capital Projects and Community Services Debt Service funds, as well as the Beach Special Revenue, Beach Capital Projects and Beach Debt Service funds.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual budget for each of its governmental funds. A budgetary comparison is provided in order to demonstrate compliance with the approved budget. The budgetary comparison for the District's General Fund and Special Revenue Funds is provided as part of the basic financial statements. Budget comparisons for each of the individual governmental funds are provided as part of the Supplemental Information section of the CAFR.

Proprietary funds. The District operates two types of proprietary funds. *Enterprise funds* are used to report the same functions presented in business-type activities in the government-wide statements. The District uses enterprise funds to account for its Utility Fund. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its maintenance of its fleet of vehicles, buildings maintenance, and engineering functions. The Internal Service Fund is classified as governmental-type activities in the government-wide statement since the most substantial users of these services are activities supported through the District's governmental funds.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District. As a required supplementary schedule the District has

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

prepared a schedule for its Multi-Employer Retirement Plans. Additional supplementary information is provided related to individual funds, providing more detailed budget-to-actual comparisons. These schedules indicate compliance with budgetary constraints and management directives to enhance accountability at the fund and function level. The supplementary information provides schedules to report revenue and expenditure results according to the format required by the State of Nevada Department of Taxation, Local Government Division. In addition, selected statistical information is provided on a five or ten-year basis, as available, for trend and historical analysis. This information addresses a number of the major revenue sources of the District including the Recreation and Beach Facility Fee.

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

The District's assets exceeded liabilities and deferred inflows of resources by \$158.20 million at June 30, 2020. The largest portion of net position (76.7%) reflects net investment in capital assets (e.g., land, buildings, equipment, construction in progress less accumulated depreciation and bonds that are still outstanding). The District uses these capital assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

<b>Incline Village General Improvement District Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and Other assets	\$ 23,052,597	\$ 18,211,423.00	\$ 14,656,639	\$ 8,207,132	\$ 37,709,236	\$ 26,418,555
Long Term assets	3,983,781	6,656,389	1,859,956	5,843,465	5,843,737	12,499,854
Net Capital Assets	59,204,694	57,639,775	67,287,303	69,158,284	126,491,997	126,798,059
<b>Total Assets</b>	<b>86,241,072</b>	<b>82,507,587</b>	<b>83,803,898</b>	<b>83,208,881</b>	<b>170,044,970</b>	<b>165,716,468</b>
<b>Liabilities</b>						
Current liabilities	5,733,598	5,477,847	1,559,904	1,815,665	7,293,502	7,293,512
Long-term liabilities	763,685	1,131,683	3,546,231	4,084,938	4,309,916	5,216,621
<b>Total Liabilities</b>	<b>6,497,283</b>	<b>6,609,530</b>	<b>5,106,135</b>	<b>5,900,603</b>	<b>11,603,418</b>	<b>12,510,133</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows	243,026	242,584	-	-	243,026	242,584
<b>Net Position</b>						
Net investment in capital assets	58,073,008	56,147,092	63,202,365	64,549,358	121,275,373	120,696,450
Restricted	142,135	136,993	322,895	316,611	465,030	453,604
Unrestricted	21,285,620	19,371,388	15,172,503	12,442,309	36,458,123	31,813,697
<b>Total Net Position</b>	<b>\$ 79,500,763</b>	<b>\$ 75,655,473</b>	<b>\$ 78,697,763</b>	<b>\$ 77,308,278</b>	<b>\$ 158,198,526</b>	<b>\$ 152,963,751</b>



**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 19,806,964	\$ 23,715,593	\$ 12,564,466	\$ 12,785,742	\$ 32,371,430	\$ 36,501,335
Operating grants	17,000	17,000	-	1,440	17,000	18,440
Capital grants and contributions	1,637,399	267	-	-	1,637,399	267
General Revenues:						
Ad valorem tax	1,722,896	1,622,486	-	-	1,722,896	1,622,486
Consolidated tax	1,719,933	1,690,222	-	-	1,719,933	1,690,222
Facility Fees (Assessed)	6,740,884	6,756,410	-	-	6,740,884	6,756,410
Unrestricted investment earnings	587,208	563,685	298,225	282,484	885,433	846,169
Other	147,862	204,245	(130,244)	15,066	17,619	219,311
<b>Total Revenues</b>	<b>32,380,146</b>	<b>34,569,908</b>	<b>12,732,448</b>	<b>13,084,732</b>	<b>45,112,594</b>	<b>47,654,640</b>
<b>Expenses</b>						
General Government	4,098,751	4,194,237	-	-	4,098,751	4,194,237
Internal Services	2,777,879	3,306,507	-	-	2,777,879	3,306,507
Utility	-	-	11,387,963	10,554,488	11,387,963	10,554,488
Community Services	19,322,183	20,345,198	-	-	19,322,183	20,345,198
Beach	2,001,783	2,142,259	-	-	2,001,783	2,142,259
<b>Total Expenses</b>	<b>28,200,596</b>	<b>29,988,201</b>	<b>11,387,963</b>	<b>10,554,488</b>	<b>39,588,559</b>	<b>40,542,689</b>
Excess Revenue (Expenses)	4,179,550	4,581,707	1,344,485	2,530,244	5,524,035	7,111,951
Transfers In (Out)	(45,000)	(120,000)	45,000	120,000	-	-
<b>Changes in Net Position</b>	<b>4,134,550</b>	<b>4,461,707</b>	<b>1,389,485</b>	<b>2,650,244</b>	<b>5,524,035</b>	<b>7,111,951</b>
Beginning Net Position, as reported	75,655,473	71,073,766	77,308,278	74,778,034	152,963,751	145,851,800
Prior Period Adjustment	(289,260)	120,000	-	(120,000)	(289,260)	-
Beginning Net Position, as adjusted	75,366,213	71,193,766	77,308,278	74,658,034	152,674,491	145,851,800
<b>Ending Net Position</b>	<b>\$ 79,500,763</b>	<b>\$ 75,655,473</b>	<b>\$ 78,697,763</b>	<b>\$ 77,308,278</b>	<b>\$ 158,198,526</b>	<b>\$ 152,963,751</b>

**Governmental-wide Financial Analysis (continued)**

Governmental activities increased the Districts' net position by \$3,845,290. Activities for the year ended June 30, 2020 contributed \$4.13 million toward ending net position, however this amount was offset by a prior year adjustment of \$289,260 related to reclassification of capital work in process (Parks Master Plan) to expense.

**Incline Village General Improvement District Governmental Activities Revenues**

	2020		2019	
Property taxes	\$ 1,722,896	5%	\$ 1,622,486	5%
Combined taxes	1,719,933	5%	1,690,222	5%
Charges for Services - Community Service	15,563,563	48%	17,748,644	51%
Charges for Services - Beach	1,619,582	5%	1,492,687	4%
Charges for Services - Internal Services	2,623,819	8%	4,474,262	13%
Facility Fees - Community Services	5,774,067	18%	5,781,289	17%
Facility Fees - Beach	966,817	3%	975,121	3%
Operating Grants	17,000	0%	17,000	0%
Capital Grants	1,637,399	1%	267	0%
Unrestricted investment earnings	587,208	2%	563,685	2%
Miscellaneous revenues	387,724	1%	204,245	0%
<b>Total general revenues</b>	<b>\$ 32,620,008</b>	<b>100%</b>	<b>\$ 34,569,908</b>	<b>100%</b>

The facility fee, assessed on parcel owners, is the most stable of the revenue streams for the District. The facility fee is assessed by the District for recreation and beach privileges and is collected by Washoe County Assessor's office through the real property quarterly billing process. For 2019-20 the District assessed \$5,783,115 in Community Services facility fees and \$968,500 in Beach facility fees.

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

**IVGID Facility Fees**

Fiscal Year	Per Eligible Parcel		Total Assessment Roll		District Assessed
	Beach	Community Services	Beach	Community Services	Recreation Facility
2019-20	\$ 125	\$ 705	\$968,500	\$ 5,783,115	\$ 6,751,615
2018-19	125	705	969,500	5,788,050	6,757,550
2017-18	125	705	969,500	5,776,770	6,746,270
2016-17	100	730	774,400	5,972,860	6,747,260
2015-16	100	730	774,300	5,972,130	6,746,430

**Governmental-wide Financial Analysis (continued)**

Total governmental activities include the General Fund which provides District wide administration, Internal Services, and Recreation and Beach programming, capital projects and debt service. Expenditures in the General Fund decreased slightly year-over-year due to cost-saving measures implemented in the fourth quarter in response to the COVID-19 pandemic which forced curtailment of District programming and facility access. Cost-savings were achieved through hiring freezes, furloughs of non-essential personnel and deferral of non-essential discretionary expenditures. Internal services expenditures similarly experienced a slight reduction year-over-year, particularly in Building Maintenance, and elimination of the District's Workers' Compensation Fund. Community Services Recreation expenditures reflect an increase of 6.6% over prior year due primarily to timing of capital project expenditures off-setting operating expenditure reduction related to activities impacted by COVID-19. Similarly, expenditures within the District's Beach activities reflect a reduction from prior year due to reduced staffing levels and expenditures in the fourth quarter of the fiscal year.

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

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

	<u>2020</u>	<u>2019</u>
Manager	407,666	\$418,829
Trustees	168,531	175,882
Accounting	914,959	884,240
Information Services	735,979	828,368
Risk Management	-	137,019
Human Resources	882,543	682,394
Health & Wellness	33,532	28,816
Community & Employee Relations	118,664	194,398
Administration	537,961	583,203
Depreciation	306,683	261,088
<b>Total General Government</b>	<b><u>\$ 4,106,518</u></b>	<b><u>\$ 4,194,237</u></b>
Fleet	\$1,111,184	\$1,146,886
Engineering	639,450	631,999
Buildings Maintenance	873,185	1,022,743
Works Compensation	-	504,879
<b>Total Internal Services</b>	<b><u>\$2,623,819</u></b>	<b><u>\$ 3,306,507</u></b>
Championship Golf	4,695,490	\$4,985,709
Mountain Golf	2,553,509	1,155,483
Facilities	541,336	678,964
Ski	7,804,235	9,098,677
Recreation and Community Programming	2,434,387	2,634,298
Parks	2,711,215	1,082,530
Tennis	476,651	302,493
Recreation Administration	483,406	407,144
<b>Total Community Services</b>	<b><u>21,700,229</u></b>	<b><u>\$20,345,198</u></b>
<b>Total Beach</b>	<b><u>\$ 1,846,693</u></b>	<b><u>\$2,142,259</u></b>

**Business-type activities:** Business-type activities increased their net position by \$1,389,485 over the past fiscal year. The Utility Fund historically has little fluctuation in its activity from year-to-year, and as an essential service (water, sewer and solid waste) was somewhat insulated from operational impacts related to the COVID-19 pandemic. The Utility Fund's increase in net position continues to result largely from utility rate revenues collected in support of a major pending capital project to replace sections of the effluent pipeline. Capital expenditures for the year were \$1,657,757, while depreciation expense was \$3,370,510. Principal reduction on bonds was \$509,678.

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**FINANCIAL ANALYSIS OF DISTRICT FUNDS**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the District's governmental funds is to provide information on current inflows, outflows, and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance of \$3,568,844 may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

District's General Fund balance increased to \$4,630,149, with \$159,611 non-spendable, and \$1,359,737 restricted for pending property tax settlement. This results in an unassigned fund balance as of June 30, 2020 of \$3,110,801.

The District's recreational programming is conducted under two activities; they are Community Services and Beach. As a result of a deed restriction, a distinct constituency is served by the Beach fund and thus its inflows and outflows are measured separately to demonstrate compliance. The Community Services Special Revenue Fund Balance increased to \$15,108,742. The Beach Special Revenue Fund Balance increased to \$2,519,632

Budgets are adopted for all governmental funds on a modified accrual basis. The focus of this basis is to capture transactions based on current financial resources. Increases and decreases in financial resources are recognized only to the extent that they reflect near-term inflows or outflows of cash.

**General Fund Budgetary Highlights**

General Fund functional expenditures performed better to budget by \$1,164,565; however a \$300,000 transfer was recorded representing the last allocation of Workers' Compensation self-insurance balances re-allocated to other funds. This results in a net change in fund balance of \$864,565 as of June 30, 2020

(Narrative for budget to actual results)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The Incline Village General Improvement District's investment in capital assets for its governmental and business-type activities, as of June 30, 2020 amounts to \$126,491,999 (net of accumulated depreciation). Investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and recreation facilities. Readers desiring more information, with respect to capital asset activity, should see Note 4 to the financial statements.

Incline Village General Improvement District Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land - Governmental Activities	\$ 17,290,328	\$ 16,971,753		\$ -	\$ 17,290,328	\$ 16,971,753
Construction in Progress - Governmental Activities	2,974,576	2,157,103		-	2,974,576	2,157,103
Land - Utility Activities	-	-	6,715,544	6,715,544	6,715,544	6,715,544
Construction in Progress - Utility Activities	-	-	1,607,772	1,418,052	1,607,772	1,418,052
Buildings and Improvements	940,929	913,462	-	-	940,929	913,462
Equipment and Vehicles	1,914,477	1,647,472	-	-	1,914,477	1,647,472
Internal services equipment furniture and fixtures	253,869	253,869	-	-	253,869	253,869
Utility service infrastructure	-	-	114,599,557	113,807,857	114,599,557	113,807,857
Utility buildings and improvements	-	-	15,596,832	15,503,863	15,596,832	15,503,863
Utility equipment, furniture and fixtures	-	-	3,882,231	3,696,213	3,882,231	3,696,213
Community services buildings and improvements	67,284,042	64,695,501	-	-	67,284,042	64,695,501
Community services equipment, furniture and fixtures	12,351,356	11,942,698	-	-	12,351,356	11,942,698
Beach buildings and improvements	4,974,831	4,957,906	-	-	4,974,831	4,957,906
Beach equipment, furniture and fixtures	610,456	569,383	-	-	610,456	569,383
Total Cost	108,594,865	104,109,147	142,401,936	141,141,529	250,996,801	245,250,676
Accumulated Depreciation	(49,390,170)	(46,469,372)	(75,114,631)	(71,983,245)	(124,504,802)	(118,452,617)
Capital Assets, Net	\$ 59,204,695	\$ 57,639,775	\$ 67,287,304	\$ 69,158,284	\$ 126,491,999	\$ 126,798,059

**Long-term debt:** At the end of the current fiscal year, the District had total bonded debt outstanding of \$5,221,938, including \$4,084,038 in outstanding Utility Revenue Bonds and \$1,137,000 in outstanding Recreation Bonds. Of the total amount of long-term debt outstanding, \$4,285,637 comprises debt backed by the full faith and credit of the District, with the source for repayment being revenues from charges for services (including assessed facility fees). The remainder of the District debt, \$936,301, represents bonds secured solely by specified utility rate revenue sources.

**Incline Village General Improvement District  
Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2020  
(Continued)**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Ending Balance</u>
<b>Governmental Type Activities:</b>				
Bonds Payable;				
Recreation Revenue Supported	\$ 1,498,000	\$ -	\$ 361,000	\$ 1,137,000
<b>Business Type Activities:</b>				
Bonds Payable;				
Utility Revenue Supported	4,608,926	-	523,988	4,084,938
<b>Total</b>	<u>\$ 6,106,926</u>	<u>\$ -</u>	<u>\$ 884,988</u>	<u>\$ 5,221,938</u>

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

The District may borrow money and incur or assume indebtedness as provided in Nevada Revised Statutes, Chapter 318, Section 277, so long as the total of all such indebtedness (but excluding revenue bonds and special assessment bonds) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

*PENDING*

**REQUEST OF INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning the information provided in this report or request for additional financial information should be addressed to the Director of Finance, 893 Southwood Boulevard, Incline Village, Nevada, 89451. This report will also be available on the District's website at [www.yourtahoeplace.org](http://www.yourtahoeplace.org).



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,600,567	\$ 9,415,167	\$ 26,015,734
Short term investments	4,801,614	3,791,702	8,593,316
Receivables:			
Accounts receivable, net	7,165	1,268,002	1,275,167
Interest on investments	33,822	17,560	51,382
Taxes and Fees from Washoe County	38,914	-	38,914
Grants Receivable	371,079	12,881	383,960
Due from other governments	466,730	-	466,730
Inventories	557,257	151,327	708,584
Prepaid items	175,449	-	175,449
Long term investments	3,598,620	1,537,061	5,135,681
Restricted assets:			
Restricted Deposits	385,161	322,895	708,056
Capital assets:			
Land	17,290,327	6,715,544	24,005,871
Construction in progress	2,974,576	1,607,772	4,582,348
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	38,939,791	58,963,987	97,903,778
Total assets	<u>86,241,072</u>	<u>83,803,898</u>	<u>170,044,970</u>
<b>LIABILITIES</b>			
Accounts payable	2,215,583	355,031	2,570,614
Accrued personnel costs	1,587,807	444,160	2,031,967
Accrued interest payable	11,235	54,080	65,315
Due to other governments	17,517	-	17,517
Unearned revenue	1,533,456	167,926	1,701,382
Noncurrent liabilities:			
Due within one year	368,000	538,707	906,707
Due in more than one year	763,685	3,546,231	4,309,916
Total liabilities	<u>6,497,283</u>	<u>5,106,135</u>	<u>11,603,418</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow	<u>243,026</u>	<u>-</u>	<u>243,026</u>
<b>NET POSITION</b>			
Net investment in capital assets	58,073,008	63,202,365	121,275,373
Restricted	142,135	322,895	465,030
Unrestricted	21,285,620	15,172,503	36,458,123
Total net position	<u>\$ 79,500,763</u>	<u>\$ 78,697,763</u>	<u>\$ 158,198,526</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,098,751	\$ -	\$ -	\$ -	\$ (4,098,751)	\$ -	\$ (4,098,751)
Community Services	19,322,183	15,563,563	17,000	1,637,399	(2,104,221)	-	(2,104,221)
Beach	2,001,783	1,619,582	-	-	(382,201)	-	(382,201)
Internal Services Fund	2,777,879	2,623,819	-	-	(154,060)	-	(154,060)
Total governmental-type activities	<u>28,200,596</u>	<u>19,806,964</u>	<u>17,000</u>	<u>1,637,399</u>	<u>(6,739,233)</u>	<u>-</u>	<u>(6,739,233)</u>
Business-type activities:							
Utilities	11,387,963	12,564,466	-	-	-	1,176,503	1,176,503
Total primary government	<u>\$ 39,588,559</u>	<u>\$ 32,371,430</u>	<u>\$ 17,000</u>	<u>\$ 1,637,399</u>	<u>(6,739,233)</u>	<u>1,176,503</u>	<u>(5,562,730)</u>
General revenues:							
Property taxes					1,722,896	-	1,722,896
Combined taxes					1,719,933	-	1,719,933
Facility Fees (Assessed)					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,433
Gain (loss) on sale of capital assets					(212,679)	(130,244)	(342,923)
Insurance Proceeds					243,548	-	243,548
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					<u>10,873,783</u>	<u>212,982</u>	<u>11,086,765</u>
Changes in net position					<u>4,134,550</u>	<u>1,389,485</u>	<u>5,524,035</u>
Net position - beginning, as previously reported					75,655,473	77,308,278	152,963,751
Prior Period Adjustment					(289,260)	-	(289,260)
Net positions, beginning, as adjusted					<u>75,366,213</u>	<u>77,308,278</u>	<u>152,674,491</u>
Net position - ending					<u>\$ 79,500,763</u>	<u>\$ 78,697,763</u>	<u>\$ 158,198,526</u>

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



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020**

	<u>GENERAL</u>	<u>COMMUNITY SERVICES SPECIAL REV.</u>	<u>BEACH SPECIAL REVENUE</u>	<u>COMMUNITY SERVICES CAP. PROJECTS</u>	<u>BEACH CAPITAL PROJECTS</u>	<u>COMMUNITY SERVICES DEBT SERV.</u>	<u>BEACH DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 5,504,558	\$ 16,724,284	\$ 2,646,405	\$ -	\$ -	\$ -	\$ -	\$ 24,875,247
Accounts receivable, net	-	3,632	3,533	-	-	-	-	7,165
Interest receivable on investments	21,821	8,558	3,443	-	-	-	-	33,822
Taxes and Fees from Washoe County	7,146	27,154	4,614	-	-	-	-	38,914
Grants receivable	-	371,079	-	-	-	-	-	371,079
Due from other governments	333,467	113,913	19,350	-	-	-	-	466,730
Inventories	-	487,338	-	-	-	-	-	487,338
Prepaid items	159,611	15,838	-	-	-	-	-	175,449
Restricted deposits	243,027	141,134	1,000	-	-	-	-	385,161
Total assets	<u>\$ 6,269,630</u>	<u>\$ 17,892,930</u>	<u>\$ 2,678,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,840,905</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 219,726	\$ 570,159	\$ 41,381	\$ -	\$ -	\$ -	\$ -	\$ 831,266
Accrued personnel costs	1,176,685	310,954	27,815	-	-	-	-	1,515,454
Due to other governments	-	-	17,517	-	-	-	-	17,517
Unearned revenue	43	1,533,413	-	-	-	-	-	1,533,456
Total liabilities	<u>1,396,454</u>	<u>2,414,526</u>	<u>86,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,897,693</u>
<b>Deferred Inflow of Resources</b>								
Deferred Inflow	<u>243,027</u>	<u>369,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>612,689</u>
<b>Fund balance</b>								
Non-spendable	159,611	503,176	-	-	-	-	-	662,787
Restricted	1,359,737	141,134	1,000	-	-	-	-	1,501,871
Assigned	-	14,464,432	2,590,632	-	-	-	-	17,055,064
Unassigned	3,110,801	-	-	-	-	-	-	3,110,801
Total fund balance	<u>4,630,149</u>	<u>15,108,742</u>	<u>2,591,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,330,523</u>
Total liabilities and fund balance	<u>\$ 6,269,630</u>	<u>\$ 17,892,930</u>	<u>\$ 2,678,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,840,905</u>

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

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## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION JUNE 30, 2020

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

Total Fund Balance for Governmental Activities	\$ 22,330,523
General Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	3,189,971
Washoe County Property Tax Litigation Settlement	(1,359,736)
Community Services Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	51,277,416
Accrued interest, not to be liquidated from currently available resources	(11,054)
Capital Grants in Deferred Inflows due to collection beyond 60 days	369,662
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(1,118,694)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	5,231
Beach Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	4,672,960
Accrued interest, not to be liquidated from currently available resources	(181)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(18,306)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	84
Internal Services Fund:	
Total Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>162,886</u>
Net Position of Governmental Activities	<u>\$ 79,500,762</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>								
Ad valorem taxes	\$ 1,706,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,172
Personal Property Tax	16,724	-	-	-	-	-	-	16,724
Intergovernmental:								
Consolidated taxes	1,483,310	-	-	-	-	-	-	1,483,310
Local Government Tax Act	236,623	-	-	-	-	-	-	236,623
Services	-	35,245	-	-	-	-	-	35,245
Charges for Services	-	15,451,762	1,619,582	-	-	-	-	17,071,344
Facility Fees	-	5,774,067	966,817	-	-	-	-	6,740,884
Interfund Services	-	76,558	-	-	-	-	-	76,558
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants	-	-	-	1,637,399	-	-	-	1,637,399
Investment income	-132,643	126,143	28,422	-	-	-	-	587,208
Miscellaneous	952	116,042	-	-	-	-	-	116,994
Total revenues	<u>3,876,424</u>	<u>21,576,817</u>	<u>2,614,821</u>	<u>1,637,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,723,461</u>
<b>EXPENDITURES</b>								
<b>GENERAL GOVERNMENT</b>								
Manager	-407,666	-	-	-	-	-	-	-407,666
Trustees	168,531	-	-	-	-	-	-	168,531
Accounting	395,959	-	-	-	-	-	-	395,959
Information Services	735,979	-	-	-	-	-	-	735,979
Human Resources	34,143	-	-	-	-	-	-	34,143
Health & Wellness	33,532	-	-	-	-	-	-	33,532
Community & Employee Relations	118,664	-	-	-	-	-	-	118,664
Administration	537,961	-	-	-	-	-	-	537,961
Central Services Cost Allocation Income	-	-	-	-	-	-	-	-
Capital Outlay	279,424	-	-	-	-	-	-	279,424
<b>RECREATION</b>								
Championship Golf	-	4,255,618	-	-	-	-	-	4,255,618
Mountain Golf	-	960,547	-	-	-	-	-	960,547
Facilities	-	469,752	-	-	-	-	-	469,752
Ski	-	7,011,524	-	-	-	-	-	7,011,524
Community Programming and Recreation Center	-	2,189,572	-	-	-	-	-	2,189,572
Parks	-	766,403	-	-	-	-	-	766,403
Tennis	-	242,873	-	-	-	-	-	242,873
Recreation Administration	-	360,555	-	-	-	-	-	360,555
Beach	-	-	1,758,394	-	-	-	-	1,758,394
Capital Outlay								
Championship Golf	-	-	-	439,872	-	-	-	439,872
Mountain Golf	-	-	-	1,592,962	-	-	-	1,592,962
Facilities	-	-	-	71,584	-	-	-	71,584
Ski	-	-	-	792,711	-	-	-	792,711
Community Programming and Recreation Center	-	-	-	244,815	-	-	-	244,815
Parks	-	-	-	1,944,812	-	-	-	1,944,812
Tennis	-	-	-	233,778	-	-	-	233,778
Recreation Administration	-	-	-	(261,503)	-	-	-	(261,503)
Beach	-	-	-	-	82,009	-	-	82,009
<b>Debt Service</b>								
Principal	-	-	-	-	-	355,188	5,812	361,000
Interest	-	-	-	-	-	29,166	477	29,643
Total expenditures	<u>2,711,859</u>	<u>16,256,844</u>	<u>1,758,394</u>	<u>3,039,031</u>	<u>82,009</u>	<u>384,354</u>	<u>6,289</u>	<u>26,258,780</u>
Excess revenues (expenditures)	1,164,565	5,339,973	856,427	(3,421,632)	(82,009)	(384,354)	(6,289)	3,466,681
<b>OTHER FINANCING SOURCES:</b>								
Sale of Capital and Intangible Assets	-	44,639	-	-	-	-	-	44,639
Insurance Proceeds	-	243,548	-	-	-	-	-	243,548
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(3,121,632)	(82,009)	3,421,632	82,009	-	-	-
Transfers In (Out) - Facility Fees for Debt Service	-	(384,354)	(6,289)	-	-	384,354	6,289	-
Transfers In (Out) - From (To) Other Sources	(300,000)	241,875	13,125	-	-	-	-	(45,000)
Net change in fund balance	<u>864,565</u>	<u>2,064,049</u>	<u>781,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,709,868</u>
Fund balance, July 1 as previously reported	3,765,586	13,333,053	1,810,378	-	-	-	-	18,909,017
Prior period adjustment	-	(289,260)	-	-	-	-	-	(289,260)
Fund balance, July 1, as adjusted	<u>3,765,586</u>	<u>13,044,693</u>	<u>1,810,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,620,657</u>
Fund balance, June 30	<u>\$ 4,630,151</u>	<u>\$ 15,108,742</u>	<u>\$ 2,591,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,330,525</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES FOR THE GOVERNMENTAL FUNDS  
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Total Net Change in Fund Balance for Governmental Funds	S 3,709,868
General Fund:	
Capital Assets acquired during the year and capitalized	279,424
Depreciation expense for the fiscal year	<del>(306,583)</del>
Net book value of assets sold	(2,854)
Washoe County Property Tax Litigation Settlement	(1,359,736)
Community Services Fund:	
Capital Assets acquired during the year and capitalized	5,059,031
Depreciation expense for the fiscal year	<del>(3,036,172)</del>
Net book value of assets sold	<del>(239,768)</del>
Principal paid on long-term liabilities, including bonds payable	355,188
Beach Fund:	
Capital Assets acquired during the year and capitalized	82,009
Depreciation expense for the fiscal year	<del>(242,912)</del>
Net book value of assets sold	<del>(11,305)</del>
Principal paid on long-term liabilities, including bonds payable	5,812
Internal Services Fund:	
Total Change in Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>(154,059)</u>
Change in Net Position of Governmental Activities	<u>S 4,137,943</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,172	\$ 8,365
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment earnings	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Total revenues	<u>3,652,899</u>	<u>3,652,899</u>	<u>3,876,424</u>	<u>223,525</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
Manager	456,289	456,289	407,666	48,623
Trustees	216,420	216,420	168,531	47,889
Accounting	958,297	958,297	395,959	562,338
Information Services	1,073,697	1,073,697	735,979	337,718
Human Resources	974,317	974,317	34,143	940,174
Health and Wellness	45,376	45,376	33,532	11,844
Communications	216,673	216,673	118,664	98,009
Administration	474,855	474,855	537,961	(63,106)
Central Services Cost Allocation Income	(1,367,400)	(1,367,400)	-	(1,367,400)
Capital Outlay	686,445	686,445	279,424	407,021
Total expenditures	<u>3,734,969</u>	<u>3,734,969</u>	<u>2,711,859</u>	<u>1,023,110</u>
Excess (deficiency) of revenues over expenditures	<u>(82,070)</u>	<u>(82,070)</u>	<u>1,164,565</u>	<u>1,246,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers (Out)	(561,800)	(561,800)	(300,000)	261,800
Total other financing sources (uses)	<u>(706,800)</u>	<u>(706,800)</u>	<u>(300,000)</u>	<u>406,800</u>
Net change in fund balance	(788,870)	(788,870)	864,565	1,653,435
Fund balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,242</u>	<u>\$ 2,304,242</u>	<u>\$ 4,630,151</u>	<u>\$ 2,325,909</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,037,096	\$ (479,225)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Subtotal Charges for Services	15,592,894	15,592,894	15,451,762	(141,132)
Facility Fees	5,783,115	5,783,115	5,774,067	(9,048)
Intergovernmental Services	23,400	23,400	35,245	11,845
Interfund Services	98,210	98,210	76,558	(21,652)
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Investment income	50,000	50,000	126,143	76,143
Miscellaneous - other	110,361	110,361	116,042	5,681
Total revenues	22,298,780	22,298,780	21,596,817	(701,963)
<b>EXPENDITURES</b>				
<b>COMMUNITY SERVICES OPERATIONS:</b>				
Championship Golf	4,703,639	4,703,639	4,255,618	448,021
Mountain Golf	1,027,877	1,027,877	960,547	67,330
Facilities	549,035	549,035	469,752	79,283
Ski	7,565,368	7,565,368	7,011,524	553,844
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551
Parks	891,279	891,279	766,403	124,877
Tennis	270,423	270,423	242,873	27,550
Recreation Administration	444,071	444,071	360,555	83,516
<b>COMM. SERVICES CAPITAL OUTLAY</b>				
Championship Golf	653,200	-	-	-
Mountain Golf	2,420,700	-	-	-
Facilities	180,400	-	-	-
Ski	2,770,850	-	-	-
Community Programming and Recreation Center	468,650	-	-	-
Parks	1,028,752	-	-	-
Tennis	1,363,950	-	-	-
Recreation Administration	-	-	-	-
<b>COMM. SERVICES DEBT SERVICE</b>				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Total expenditures	27,197,671	17,926,815	16,256,844	1,669,971
Excess (deficiency) of revenues over expenditures	(4,898,891)	4,371,965	5,339,973	968,008
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	-
Total other financing sources (uses)	861,800	(8,409,056)	(3,275,924)	5,133,132
Net change in fund balance	(4,037,091)	(4,037,091)	2,064,049	6,101,140
Fund Balance, July 1, as previously reported	13,183,167	13,183,167	13,333,953	150,786
Prior Year Adjustment	-	-	(289,260)	(289,260)
Fund Balance, July 1, as adjusted	13,183,167	13,183,167	13,044,693	(138,474)
Fund balance, June 30	\$ 9,146,076	\$ 9,146,076	\$ 15,108,742	\$ 5,962,666

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

**BEACH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees	968,500	968,500	966,817	(1,683)
Investment earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
<b>EXPENDITURES</b>				
<b>BEACH RECREATION:</b>				
Beach - Operations	2,109,190	2,109,190	1,758,394	350,796
Capital Outlay	990,050	-	-	-
Debt Service				
Principal	5,812	-	-	-
Interest	477	-	-	-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,394</u>	<u>350,796</u>
Excess (deficiency) of revenues over expenditures	<u>(625,729)</u>	<u>370,610</u>	<u>856,427</u>	<u>485,817</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Operating Transfers In	-	-	13,125	13,125
Operating Transfers (Out) - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers (Out) - Debt Service	-	(6,289)	(6,289)	-
Total other financing sources (uses)	<u>-</u>	<u>(996,339)</u>	<u>(75,173)</u>	<u>921,166</u>
Net change in fund balance	(625,729)	(625,729)	781,254	1,406,983
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,632</u>	<u>\$ 1,468,190</u>

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,415,167	\$ 125,554
Short term investments	3,791,702	-
Accounts receivable	1,268,002	-
Interest receivable	17,560	-
Grants receivable	12,881	-
Inventories	<u>151,327</u>	<u>69,919</u>
Total current assets	<u>14,656,639</u>	<u>195,473</u>
Noncurrent assets:		
Investments - long-term	1,537,061	-
Contractual deposits	100	-
Restricted deposit for debt service reserve	229,223	-
Restricted for TRPA Deposits	<u>93,572</u>	<u>-</u>
	<u>1,859,956</u>	<u>-</u>
Capital Assets		
Land	6,715,544	-
Construction in progress	1,607,772	-
Buildings and structures	15,596,832	-
Improvements and Infrastructure	114,599,557	-
Equipment and vehicles	<u>3,882,231</u>	<u>253,869</u>
Total capital assets	142,401,936	253,869
Less: accumulated depreciation	<u>(75,114,633)</u>	<u>(189,522)</u>
Total capital assets (net)	<u>67,287,303</u>	<u>64,347</u>
Total noncurrent assets	<u>69,147,259</u>	<u>64,347</u>
Total assets	<u>83,803,898</u>	<u>259,820</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	355,031	24,581
Accrued personnel costs	444,160	72,353
Accrued interest payable	54,080	-
Unearned revenue	167,926	-
Current maturities of long-term debt	<u>538,707</u>	<u>-</u>
Total current liabilities	1,559,904	96,934
Non-current liabilities:		
Non-current long term debt	<u>3,546,231</u>	<u>-</u>
Total liabilities	<u>5,106,135</u>	<u>96,934</u>
<b>NET POSITION</b>		
Net investment in capital assets	63,202,365	64,347
Restricted	322,895	-
Unrestricted	<u>15,172,503</u>	<u>98,539</u>
Total net position	<u>\$ 78,697,763</u>	<u>\$ 162,886</u>

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



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>OPERATING REVENUES</b>		
Sales and fees	\$ 12,396,967	\$ -
Interfund services	167,499	2,623,819
Total operating revenues	<u>12,564,466</u>	<u>2,623,819</u>
<b>OPERATING EXPENSES</b>		
Wages and benefits	4,151,482	1,976,675
Cost of goods sold	4,815	-
Services and supplies	1,996,002	763,514
Defensible Space	97,876	-
Central Services Cost	353,700	-
Insurance	185,410	13,686
Utilities	894,515	11,442
Professional fees	221,815	-
Depreciation	3,370,510	12,561
Total operating expenses	<u>11,276,125</u>	<u>2,777,878</u>
Operating income	<u>1,288,341</u>	<u>(154,059)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	298,225	-
Loss on sales of assets	(130,244)	-
Interest on bond debt	(111,838)	-
Total nonoperating revenues (expenses)	<u>56,143</u>	<u>-</u>
Income before transfers and contributions	<u>1,344,484</u>	<u>(154,059)</u>
Transfer In (Out)	<u>45,000</u>	<u>-</u>
Change in net position	1,389,484	(154,059)
Total net position, July 1	<u>77,308,278</u>	<u>316,945</u>
Total net position, June 30	<u>\$ 78,697,762</u>	<u>\$ 162,886</u>

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 11,296,891	\$ -
Receipts from interfund services provided	167,499	2,623,819
Payments to suppliers	(3,550,429)	(833,980)
Payments to employees	(3,707,322)	(1,904,322)
Net cash provided (used) by operating activities	<u>4,206,639</u>	<u>(114,483)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer (to) from other funds	45,000	-
Net cash provided (used) by non-capital financing activities	<u>45,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,657,787)	-
Costs from sale of assets	(130,244)	-
Payments on capital debt	(523,988)	-
Capital contributions	(12,881)	-
Interest expense	<u>(57,758)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,382,658)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted investments released (increased)	-	-
Investments purchased	-	-
Long-term investments matured	(5,328,763)	-
Investment earnings	(17,560)	-
Net cash provided (used) by investing activities	<u>(5,346,323)</u>	<u>-</u>
Net change in cash and cash equivalents	(3,477,343)	(114,483)
Cash and cash equivalents, July 1	4,366,202	435,837
Cash, cash equivalents and investments, June 30	<u>\$ 888,859</u>	<u>\$ 321,354</u>

(Continued)



## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The Incline Village General Improvement District (the "District") operates under provisions of the Nevada Revised Statutes (NRS), Chapter 318. Under the law, this General Improvement District has been granted authority by Washoe County to provide water, sewer and solid waste services, and recreational facilities and programs for the benefit of individuals owning property or residing within its geographical boundaries. The unincorporated rural areas of Incline Village and Crystal Bay, Washoe County, Nevada are within these boundaries.

The District is governed by a board of five publicly elected trustees. The District is not included in any other governmental reporting entity. The District is a legally separate government and it is fiscally independent of any other governmental entity. The District is not financially accountable for any other entity.

##### B. Basic Financial Statements - Government-wide financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts –net investment in capital assets, restricted; and unrestricted.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who receive a direct benefit from goods or services. Grants and contributions are restricted to meeting the operational or capital requirements of a function. General revenues reflect items that are not included as either program revenue or grants and contributions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants.

##### C. Basic Financial Statements - Fund financial statements

The financial transactions of the District are reported in individual purpose based fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and proprietary funds. The District has no fiduciary funds. Major funds for each fund type are presented as separate columns in the fund financial statements.

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

The measurement focus describes the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the timing of revenues and how expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days under the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. The Proprietary funds utilize the accrual basis of accounting.

The District's internal services are presented in the proprietary fund's financial statements. The principal users of Internal Services (Fleet, Engineering and Buildings) are the District's utility and recreation program activities. All Internal Services are considered a governmental - type activity for the Government-wide financial statements. The majority of utilization of internal services is by the Utility Fund, Community Services and the Beach funds. The effect of inter-fund activity has not been eliminated from the Government-wide financial statements.

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

***Governmental Funds -***

**General Fund** - is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund's primary function is to provide general administration for all other functions.

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

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

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

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

***Proprietary Funds -***

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

**Internal Service Funds** – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the District. The District provides Fleet, Engineering, and Buildings Maintenance which includes repair and maintenance of the District's

vehicles and equipment, engineering services, and buildings maintenance. The Fleet, Engineering and Buildings Maintenance Departments also collectively provide planning, inspection, construction and maintenance for the District's structures and equipment.

#### **E. Budgets and Budgetary Accounting**

The District adheres to the Local Government Budget Act incorporated within Chapter 354 of the Nevada Revised Statutes, which includes the following major procedures to establish the budgetary data reflected in these financial statements.

1. On or before April 15, 2019, the Board of Trustees filed a tentative budget with the Nevada Department of Taxation. Public hearings on the tentative budget were held after the third Monday in May. On May 22, 2019, at a public hearing, the Board adopted a final budget. On or before June 1, 2019 the final budget was filed with the Nevada Department of Taxation.

2. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all funds. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds requiring budgets. Budgets are adopted for all governmental and proprietary fund types. The governmental fund type budgets are adopted on a modified accrual basis and the proprietary funds types budgets are adopted on an accrual basis. The District can amend or augment the budget after following State Statutes and, if necessary, public hearing procedures. The District did not augment its budget for the 2019-20 fiscal year. However, the Board amended the fiscal year 2019-20 budget, in accordance with NRS 354.598005 to re-establish use of separate Capital and Debt funds for Community Services and Beach activities. As a result, budgeted and actual revenues and expenditures were reallocated across the respective funds.

3. The legal level of budgetary control is at the fund level. Appropriations are adopted at the function level. Management has no amendment authority without the District's Board approval. Generally, the expenses in the proprietary funds also may not exceed appropriations. While management has flexibility to change the operating budgets of the proprietary funds but in practice rarely does so. Statutes do not require that enterprise fund capital outlay, debt service payments and other non-operating cash transactions, normally reflected in the balance sheet of the proprietary funds, to be limited by the budget.

4. The District also presents select cash flow information in order to reflect all resources being used to provide for capital outlay, debt service payments and other transactions particularly in proprietary funds. This supplemental disclosure allows the District to identify the extent of current year items that are being paid from previously funded resources. The presentation includes items according to character and object. It also provides the Nevada Department of Taxation with requested information that compares to amounts reported on their budget forms.

#### **F. Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition that are held for routine expenditures.

District Funds share bank accounts for operations, payroll and reimbursements. Activity between funds occurs in the regular activities of the District. The General Fund issues accounts payable and payroll and related benefits for all funds. To the extent payment has not occurred, but the cost was realized by the benefitted fund, internal balances for Due from or to Other Funds are established. These are cleared monthly through pooled cash. The combined pooled balances are monitored to assure no fund makes temporary loans to another, within the context of Nevada Revised Statute 354.6118.

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

Long-term investments reflect items held with maturities beyond one year. These include certificates of deposit and instruments issued by the Federal Government or its agencies.

Nevada Revised Statutes authorize the District to invest in obligations of the U.S. Government or U.S. Treasury, providing maturities are 10 years or less from the date of purchase; the local government investment pool (LGIP) (operated by the Nevada State Treasurer); negotiable certificates of deposit issued by commercial banks or insured savings and loans; short-term negotiable notes or bonds issued by local governments; and bankers' acceptances eligible by law for rediscount with the Federal Reserve Banks not to exceed 180 days.

Funds on deposit with LGIP are considered cash and cash equivalents. Even though the weighted average maturity of the underlying investments in the LGIP are greater than 90 days, the District can liquidate its deposits within a few days. The District has reported these deposits at cost plus accrued interest, which approximates fair value.

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

The District has the following recurring fair value measurements as of June 30, 2020:

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

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

## **G. Receivables**

Receivables reflected in the District's basic financial statements include monies due from other governments, grants receivable as well as other accounts receivable.

*Due From Other Governments.* Property taxes are levied no later than July 10 of each year on property values assessed for the same year. The taxes may be paid in four installments as follows: the first installment is due on or before the third Monday in August, the second installment is due on or before the first Monday in October, the third installment is due on or before the first Monday in January, and the fourth installment is due on or before the first Monday in March. If payment of the taxes is not made within ten days following the day the installments become due, penalties are assessed in accordance with NRS 361.483. Once the installments become delinquent, interest is added at the rate of 10 percent per annum. Taxes levied become a perpetual lien against the property assessed until the tax and any penalty charges and interest which may accrue thereon are paid. Washoe County assesses the property tax, bills, collects, and distributes the property tax revenue.

The District also receives certain tax revenues in the General Fund which are collected by the State of Nevada. These settlements arrive within 60 days of the month close when they are generated. The amounts are listed as Due from Other Governments. The District also has an operating grant from Washoe County, received monthly in arrears. The uncollected balance of this grant is carried in Due from Other Governments.

*Grants Receivable.* The District has been awarded grants to finance the construction of various utility infrastructures, restoration of a creek zone and to upgrade a ballfield. These funds are earned when requisite construction costs are incurred. The District has recognized funds earned but not collected by a Grants Receivable.

*Other Receivables.* Accounts receivable reflects service charges to customers and resident for deposits or fees that are earned, but not collected. An allowance for doubtful accounts is considered and at present, the allowance totals \$24,393. The District may file a tax lien for uncollected utility service fees.

## **H. Inventory and Prepaid Items**

There are no inventories in the General Fund. Inventories of items for resale for Community Services Special Revenue and Proprietary Funds are stated at the lower of cost (first-in, first-out) or market.

Certain payments are made to vendors for costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. They are recognized under the consumption method when used.

## **I. Restricted Assets**

The District has restricted several deposits for the benefit of other agencies in connection with performance under a retail operation, construction projects, and debt service. These agencies establish the restriction by regulation or agreement. For the fiscal year ended June 30, 2020 monies within the General Fund fund balance are shown as restricted as a result of a pending settlement agreement related to a property tax dispute files with Washoe County by Incline Village property owners.

## **J. Capital Assets**

Capital assets include land, buildings, machinery and equipment, or water rights which are reported in the applicable governmental or business-type activities column in the government-wide financial statements. If purchased or constructed, all capital assets are recorded at historical cost. Donated capital assets are valued at acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets (all categories except land and construction in progress) is charged as an expense against each fund's operation. The District's policy is to capitalize assets with a normal useful life of three or more years.

The District holds 4,272 Acre Feet of Water Rights. This represents about 1,405,000,000 gallons. The District's historical records cannot separately identify the cost of water rights from land.

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

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



Activities of the Beach Special Revenue Fund includes three beaches with restricted access. One has a watercraft launch ramp and storage areas for paddleboards and kayaks. Two beaches have concession stands and playground areas. One beach provides swimming and wading pools.

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

The District has a number of Construction in Progress items related to major projects that span multiple fiscal years as well as the fact that the fiscal year-end falls in the middle of the active acquisitions season. The District accumulates costs through a series of pre-design, design and acquisition stages.

Depreciation has been provided over the estimated useful lives of the various assets using the straight-line method. Estimated lives and capitalization thresholds of major classes of depreciable assets are as follows:

<u>Asset Category</u>	<u>Depreciable Life</u>	<u>Capitalization Threshold</u>
Buildings and Structures	30 - 50 years	\$10,000
Improvements and Infrastructure	10-50 years	\$10,000
Equipment and Vehicles	3-20 years	\$ 5,000

With its location within the Lake Tahoe Basin, Defensible Space is an important function for the District. This is generally accomplished through contracts with the North Lake Tahoe Fire Protection District serving essentially the same geographic area as the District. Defensible Space expenditures range from clearing the understory to major tree removal and fuels reduction. The goal of the program is to create a “halo” around the community restricting the movement of wildfire in or out of the community. The substance of those efforts removes vegetation and other fuels as they accumulate. The degree of work in any given area rotates over time based on conditions as assessed by the Fire District. Much of the funding for the effort comes from other governments on a Federal, State and local level. The IVGID contribution is focused on treatment of District owned parcels. The District budgets to provide resources for its share of contracted expenditures. The work provides an ongoing benefit, but the District expenses all costs as incurred.

**K. Amortization of Bond Discounts**

The discounts on bonds sold are being amortized to expense over the term of the bonds. Bonds payable are reported net of related discounts.

**L. Compensated Absences and Accrued Personnel Costs**

Full-time employees are provided vacation benefits that specifically relate to tenure with the District. After six months of service, employees are entitled to their vested vacation leave upon termination. The liability for vacation benefits is recognized with an expenditure or charge to the appropriate fund and activity as earned.

The District pays payroll every two weeks. Any District payroll earned as of month end is accrued based on the number of days attributed to that month to the total 14 days paid with the next scheduled payroll. Liabilities for fringe benefits and other costs, such as taxes, are also accrued on the same method.

The District has adopted a plan under which certain retirees, who have met specific service requirements, can roll unused sick leave pay to cover medical expenses after retirement. Otherwise, sick leave is not vested.

### **M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that will apply to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

### **N. Unearned Revenue and Refundable Deposits**

The District's Utility Fund reads meters in 3 cycles over the course of a month. Billing occurs once a month. Billings for the next cycle are also reconciled with actual usage. Funds received for the Tahoe Water Suppliers Association are recognized only to the extent expended and may roll over to the next year.

The District's Community Services Fund recognizes unearned revenue to the extent it has issued user passes, gift or payment cards that can be applied to future purchases. There also are advance deposits made to reserve dates for facility rentals or program registrations. User passes expire with a stated season.

### **O. Long-Term Debt**

In the government-wide financial statement, and proprietary fund financial statements, long term debts are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statements net of related discounts. Bond discounts are amortized using the straight-line method and are amortized over the term of the related debt.

### **P. Fund Balance**

In the fund financial statements, fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include "non-spendable" which are not expected to be converted to cash, such as inventory or prepaid items, "restricted" by conditions of law, regulation grants or contract with external parties, "committed" which arise from formal acts of the District's Board, "assigned" which reflect an intent by management of the District or "unassigned" which is the residual amount. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District, which can act by their resolution, prior to the end of the fiscal year, and thus commit fund balance. Once adopted, the limitation imposed by the Board of Trustees remains in place until a similar resolution is taken to remove or revise the limitation.

The District's Board of Trustees has adopted Policy 7.1.0 and Practice 7.2.0, establishing policy related to appropriate level of fund balance, as follows:

General Fund - must meet the minimum balance requirements (4.0% of prior year expenditures) required under Nevada Administrative Code Section 354.650.

Special Revenue Funds - 25% of the fiscal years' operating expenditures (based on the current adopted budget) other than capital expenditure and debt service.

Proprietary Fund Types:

- Utilities Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
- Internal Services - 25% of operating expenses for the fiscal year based on the current adopted budget.

The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed when amounts are available for the same use. The District's Governmental fund types first utilizes committed resources as authorized, then assigned and then unassigned when amounts are available for the same use.

#### **Q. Net Position**

In the Proprietary fund and the government-wide financial statements, net position is presented in one of three classifications: net investment in capital assets, restricted and the residual unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances on bonds that are attributable to the acquisition, construction or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. The unrestricted component of net position is the net amount of assets and liabilities not included in the determination of net investment of capital assets or the restricted component.

#### **R. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

#### **S. Central Services Cost Allocation**

The District allocates the shared costs of Accounting and Human Resources based under a Board-approved plan, adopted each year with the budget. The cost allocation plan considers full time equivalent staffing-levels, wages, benefits, and certain services and supplies as a basis for determining charges. The charges are based on budgeted expenses. The revenue generated by the allocation is recorded as an offset to General Government expenses (for Human Resources and Accounting) in the governmental funds statements.

#### **T. Punch Cards Utilized**

Under District Ordinance 7, parcel owners may use a portion of the value of their recreation passes to pay down the difference between a regular rate and the resident rate for certain types of recreational fees. These forms of payment are presented as contra revenue in the Fund statements. Utilization is recognized based on the relationship of privileges used to total facility fee paid by the parcel. Under the 2019-20 budgeted fee structure, this is 85% to Community Services Special Revenue Fund and 15% to the Beach Special Revenue Fund. Contra-revenues related to Punch Card utilization are only recorded on transactions involving Punch Cards with Beach Access. No contra-revenues are recorded for transactions involving Punch Cards with no Beach Access, nor are they recorded for transactions using additional Punch Cards purchased by property owners throughout the year.

## DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### 2. COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The District conforms to all applicable statutory constraints on its financial administration.

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

At year-end, the carrying amount of the District's checking deposits was \$1,843,928 while the bank balance was \$2,028,104. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Coverage and the balance was covered by pledged collateral under an arrangement with the State of Nevada on behalf of all local units of government.

Cash and Cash Equivalents at June 30, 2019 consist of:

Operating Checking Accounts	\$1,843,928
Petty cash and change funds	56,803
Nevada Local Government Investment Pool (average weighted maturity of 130 days)	
General LGIP Account	13,187,048
Utility LGIP Account	5,106,514
US Government Money Market	<u>5,821,442</u>
Total Cash and Cash Equivalents	<u>\$26,015,735</u>

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

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

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

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

The LGIP reports Level 1 inputs are 24.91% of the total are quoted prices in active markets for identical assets; Level 2 inputs are 75.29% of the total are significant other observable inputs.

Fair Value Measurements as of June 30, 2020

	Level 1	Level 2	Total
Certificates of Deposit	\$13,728,997	\$ -	<u>\$13,728,997</u>
Interest Bearing Amounts - Investments			13,728,997
LGIP at Net Asset Value (Cash Equivalent)	4,556,926	13,736,636	18,293,562
LGIP Restricted Deposits at Net Asset Value	114,300	344,553	458,854
Total Fair Value Measurements			<u>\$32,481,413</u>

Investment Maturities by Investment Type as of June 30, 2020

	2021	2022	2023	Total
Certificates of Deposit	\$ 8,593,317	\$ 5,135,680	\$ -	<u>\$13,728,997</u>
Interest Bearing Amounts - Investments	8,593,317	5,135,680	-	13,728,997
LGIP as a Cash Equivalent	18,293,562			18,293,562
LGIP - Restricted Deposits	458,854			458,854
All Investment Types				<u>\$32,481,413</u>

Investment Maturities by Activity as of June 30, 2020

	Governmental Activities	Business Type Activities	Total
Short Term	\$ 4,801,615	\$ 3,791,702	\$ 8,593,317
Long Term	3,848,619	1,287,061	5,135,680
LGIP as a Cash Equivalent	12,865,999	5,427,563	18,293,562
LGIP - Restricted Deposit	136,059	322,795	458,854
Total Investment Activity Type	<u>\$21,652,292</u>	<u>\$10,829,121</u>	<u>\$32,481,413</u>

Interest Rate Risk - To the extent possible, the District's portfolio shall remain sufficiently liquid so as to support near-term operating and capital expenditures. In so doing, the portfolio will have limited interest rate risk associated with long-term investments.

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

Custodial Credit Risk – The District Investment Policy requires FDIC coverage or collateralization on deposit-type securities. The District's cash accounts on deposit with financial institutions were covered by federal depository insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

Concentration Credit Risk – The District Investment Policy calls for diversification without setting maximum allocations. The District invests in Federal government-sponsored enterprises (GSE) for safety and to meet statutory requirements. Individual CD's are held with a number of banks at or under the FDIC insured

limited calculated by those institutions. LGIP is an unrated external investment pool administered by the State Treasurer, with oversight by the State of Nevada Board of Finance.

#### 4. RESTRICTED DEPOSITS

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

On September 13, 2017 the District's Board of Trustees approved a settlement agreement relative to ongoing litigation with a member of the public. Under this agreement, damages awarded by the Washoe County District Court are held in a segregated account in the District's name until the Nevada Supreme Court Appeal is completed. The amount of the deposit was \$242,584 and now stands at \$243,026.

The assets of the EPA State Revolving Fund (SRF) Reserve may be used to service the Nevada SRF Sewer Bond of 2002. These restricted assets are pledged to provide a measure of security for the Nevada State Water Pollution Control Revolving Fund. The pledge is for \$213,000, interest earned is in the account at the District's discretion. The EPA SRF Reserve is in the LGIP Account totaling \$229,223. The assets in the TRPA (Tahoe Regional Planning Authority) Reserve may be used to satisfy performance obligations on projects authorized by the TRPA. These usually cover several years for construction and inspection phases. The total required deposits are \$211,778, and interest earned is in the account at the District's discretion. The TRPA Project Reserve is in the LGIP Account totaling \$229,631:

Deposit with State of Nevada for Sales Tax	\$ 6,075
Building Deposit held by Parasol Tahoe Foundation	100
Litigation Damage Deposit held by the District	243,026
LGIP Restricted Deposits (SRF & TRPA)	<u>458,853</u>
Total Restricted Deposits	<u>\$ 708,055</u>

#### 4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2020:	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land - General Government	\$ 2,669,904	\$ -	\$ -	\$ 2,669,904
Land - Community Services	11,996,999	318,575	-	12,315,574
Land - Beach	2,304,850	-	-	2,304,850
Subtotal Land	16,971,753	318,575	-	17,290,328
Construction in Progress - General Government	18,000	279,424	(297,424)	-
Construction in Progress - Community Services	1,778,191	5,059,031	(4,236,072)	2,601,150
Construction in Progress - Beach	360,912	82,009	(69,495)	373,426
Construction in Progress - Internal Services	-	-	-	-
Subtotal Construction in Progress	2,157,103	5,420,464	(4,602,991)	2,974,576
Total capital assets, not being depreciated	\$ 19,128,856	\$ 5,739,039	\$ (4,602,991)	\$ 20,264,904
Capital assets, being depreciated				
Buildings and Structures - General Government	913,462	27,467	-	940,929
Buildings and Structures - Community Services	30,017,320	2,481,680	(98,427)	32,400,573
Buildings and Structures - Beach	2,699,560	-	-	2,699,560
Venue Improvements - Community Services	34,678,180	205,289	-	34,883,469
Venue Improvements - Beach	2,258,346	16,925	-	2,275,271
Equipment and Vehicles - General Government	1,647,472	267,005	-	1,914,477
Equipment and Vehicles - Community Services	11,942,698	1,005,116	(596,458)	12,351,356
Equipment and Vehicles - Beach	569,383	41,073	-	610,456
Equipment and Vehicles - Internal Services	253,869	-	-	253,869
Total capital assets, being depreciated	\$ 84,980,290	\$ 4,044,556	\$ (694,885)	\$ 88,329,961
Less accumulated depreciation for:				
Buildings and Structures - General Government	(808,026)	(24,984)	-	(833,010)
Buildings and Structures - Community Services	(14,535,151)	(931,529)	98,427	(15,368,254)
Buildings and Structures - Beach	(1,600,679)	(93,721)	-	(1,694,400)
Venue Improvements - Community Services	(19,767,643)	(949,370)	-	(20,717,013)
Venue Improvements - Beach	(1,451,252)	(100,179)	-	(1,551,431)
Equipment and Vehicles - General Government	(1,220,730)	(281,599)	-	(1,502,329)
Equipment and Vehicles - Community Services	(6,613,170)	(1,155,273)	579,004	(7,189,439)
Equipment and Vehicles - Beach	(295,760)	(49,012)	-	(344,772)
Equipment and Vehicles - Internal Services	(176,961)	(12,561)	-	(189,522)
Total accumulated depreciation	(46,469,372)	(3,598,228)	677,431	(49,390,170)
Total capital assets being depreciated, net	38,510,918	446,327	(17,454)	38,939,791
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 57,639,774</b>	<b>\$ 6,185,366</b>	<b>\$ (4,620,445)</b>	<b>\$ 59,204,695</b>

Capital Asset activity for the year ended June 30, 2020:	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
<b>Business-Type Activities</b>				
Utility Capital assets not being depreciated				
Land	\$ 6,715,544	-	-	\$ 6,715,544
Construction in Progress	1,418,053	\$ 1,644,147	\$ (1,454,428)	1,607,772
Total utility capital assets, not being depreciated	8,133,597	1,644,147	(1,454,428)	8,323,316
Utility Capital assets, being depreciated				
Buildings and structures	15,503,863	92,969	-	15,596,832
Service infrastructure	113,807,857	791,700	-	114,599,557
Equipment and vehicles	3,696,213	455,552	(269,534)	3,882,231
Total utility capital assets at historical cost	133,007,933	1,340,220	(269,534)	134,078,619
Less accumulated depreciation for:				
Buildings and structures	(7,688,138)	(392,581)	-	(8,080,719)
Service infrastructure	(61,637,155)	(2,743,849)	-	(64,381,004)
Equipment and vehicles	(2,657,952)	(230,931)	235,975	(2,652,908)
Total accumulated depreciation	(71,983,245)	(3,367,361)	235,975	(75,114,631)
Total utility capital assets being depreciated, net	61,024,688	(2,027,141)	(33,559)	58,963,988
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 69,158,285</b>	<b>\$ (382,994)</b>	<b>\$ (1,487,987)</b>	<b>\$ 67,287,304</b>

*(Pending completion of Capitalization review)*

The District has a number of Construction in Progress projects open as of June 30, 2020. Community Services includes \$251,653 for the Diamond Peak Master Plan, while Beach includes \$216,131 for the Incline Beach Facility Study. The Utility Fund includes \$719,785 for the design phase of the Effluent Export Line that project will be ongoing through at least 2023. The District's primary building season is limited to May to October because of regulations from the Tahoe Regional Planning Agency. Most equipment purchases follow the budget and fiscal year cycle.

Depreciation expenses for the year ended June 30, 2020 was charged to functions as follows:

Governmental Activities	
General Government	\$ 306,583
Recreation	3,036,172
Beach	242,912
Internal Services	12,561
Total Depreciation Expense	<u>\$ 3,598,228</u>
Business-Type Activities	
Utility Fund Water and Sewer	<u>\$ 3,367,361</u>



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

## 6. ACCRUED PERSONNEL COSTS

The General Fund processes and issues payments for all payroll and most related personnel and benefit costs for all funds of the District. At the time the expenses are incurred, each fund records its appropriate costs. As payments are made, the individual funds provide their share through the pooled cash. This process provides the General Fund with the necessary available financial resources to meet the District wide obligations. Generally, no regular payroll or personnel accruals are recorded to the individual funds. Accruals for special payments, Health Reimbursement Accounts, Sick Leave at Retirement, Workers Compensation and Vacation can appear in individual funds, because they are recognized well in advance of the payment process. The General Fund also maintains any banks accounts specific for payment of benefits.

As a regular course of operations, the payroll including June 30 was paid July 17. The employee benefits earned through June 30 are also funded in the following month. At any given point the District has an obligation to its employees for the value of vacation time earned and not taken. The obligation is measured by the value due as if the employee terminated. The District allows retiring employees with an excess of 20 years of service, and that have accrued sick leave, to have it converted to Medical Retiree Benefit for reimbursing post employment health related costs. There are 5 eligible employees covered. The District has no other post-employment benefit obligations for health insurance or retirement benefits.

The District offers health reimbursement accounts (HRA) in exchange for the insured accepting a higher deductible or co-insurance. The Plan is administered by the health insurance carrier. The District also has a third party administered flexible spending account (FSA). The District maintains bank accounts exclusively for reimbursements for HRA and FSA transactions.

The District provides Workers Compensation through a risk pooling arrangement funded with quarterly assessments. The fourth quarter is paid in arrears after a payroll verification conducted by the risk pool.

### Accrued Personnel Costs as of June 30, 2020:

Current Payroll Liabilities:	Governmental	Business-Type	Total
Accrued Payroll	\$ 635,621	\$ 89,914	\$ 725,535
Taxes Withheld	48,110	-	48,110
Accrued Benefits	30,561	-	30,561
Deferred Comp	17,075	-	17,075
Retirement Plan	47,767	-	47,767
Health Reimbursement Accounts	131,727	-	131,727
Sick Leave Retirement Benefits	143,588	156,908	300,496
Workers Comp Unpaid Assessments	126,073	2,309	128,382
Accrued Vacation	407,284	195,029	602,312
Total Government-wide	\$ 1,587,807	\$ 444,160	\$ 2,031,967

The Government-wide Accrued Personnel Costs could be liquidated within one year and has been classified as current. The following accounts are based on ongoing activity as opposed to a point in time accrual:

<u>Select Benefit Liabilities</u>	<u>Balance</u> June 30, 2019	<u>Provisions</u> <u>Additions</u>	<u>Payments</u>	<u>Balance</u> June 30, 2020
Health Reimbursement Accts.	\$ 131,190	\$ 54,949	\$ 54,412	\$ 131,727
Sick Leave Retirement Benefit	294,982	40,872	35,358	300,496
Accrued Vacation	593,455	681,199	672,342	602,312

**7. UNEARNED REVENUE**

The District receives a number of payments that will be recognized as revenue or a liquidated liability based upon a future transaction when the service is provided. These include:

	<u>General</u>	Community Services <u>Special Rev.</u>	Beach <u>Special Rev.</u>	<u>Utility</u>	<u>Total</u>
Billed in advance	\$ 243,042	\$ 591,601	\$ -	\$167,926	\$ 759,569
Unexpired season passes	-	869,233	-	-	869,233
Internal Gift Cards	-	<u>72,580</u>	-	-	<u>72,580</u>
Total	<u>\$ 243,042</u>	<u>\$1,533,414</u>	<u>\$ -</u>	<u>\$167,926</u>	<u>\$1,701,382</u>

**8. INTERFUND ACCOUNTS AND TRANSFERS**

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances settle monthly through pooled cash and therefore there are no open balances as of June 30, 2020.

Transfers from the General Fund were to return self-insurance resources to the operating funds after first transferred to the General Fund in the prior year, as required by Nevada Revised Statute. The same Statute does not allow the General Fund to redistribute the resources in the same fiscal year as received. Of the \$474,356 received in prior fiscal year, \$300,000 was redistributed in fiscal year 2019-2020.

Transfers for Capital Projects and Debt Service represent revenues from the fund that by statute or budget authority collects the revenue to provide resources for specified functions and transaction types to the fund that will expend them.

Gross Transfers reported on the financial statements as of June 30, 2020 are as follows:

Fund Transfer Out:	Fund Transfer In:								Total Out
	General Fund	Community Services Special Revenue	Community Services Capital Projects	Community Services Debt Service	Beach Special Revenue	Beach Capital Projects	Beach Debt Service	Utility Fund	
Internal Services Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	241,875	-	-	13,125	-	-	45,000	\$ 300,000
Community Services Special Revenue	-	-	3,073,897	384,354	-	-	-	-	\$3,458,251
Beach Special Revenue	-	-	-	-	-	82,009	6,289	-	\$ 88,298
<b>Total In</b>	<b>\$ -</b>	<b>\$ 241,875</b>	<b>\$3,073,897</b>	<b>\$ 384,354</b>	<b>\$ 13,125</b>	<b>\$ 82,009</b>	<b>\$ 6,289</b>	<b>\$ 45,000</b>	<b>\$3,846,549</b>

## 9. LONG-TERM DEBT

All of the District's Long Term Bonds are collateralized by a pledge of revenues derived and to be derived from the operation of either the Utility, Community Services or Beach venues, after deduction there from of the amount necessary to pay all operating and maintenance charges as required by applicable bond agreements. The District is also required to maintain rates sufficient to pay all maintenance, depreciation, replacement, betterment, and interest charges.

### Outstanding Long-Term Debt as of June 30, 2020:

<u>Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>						
General Obligation Revenue Bonds Recreation						
Recreation Facilities and Recreation						
Refunding 2012	07/18/12	09/01/22	2.25%	3,475,000	<u>\$1,137,000</u>	<u>\$368,000</u>
<b>Total Recreation Revenue Supported Debt</b>					<b><u>\$1,137,000</u></b>	<b><u>\$368,000</u></b>

### Business Type Activities Direct Borrowings and Direct Placements:

<u>Utility</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>	<u>Current Portion</u>
State of Nevada:						
Sewer C32-0204	10/28/02	01/01/23	3.14%	\$1,720,380	\$ 365,370	\$ 118,012
Water IVGID-1	09/09/04	07/01/25	3.08%	1,687,282	570,931	96,792
Sewer CS32-0404 (G.O.)	08/01/06	01/01/26	2.73%	3,000,000	1,141,608	177,630
Water DW-1201 (G.O.)	03/16/12	01/01/32	2.39%	3,000,000	<u>2,007,029</u>	<u>146,273</u>
<b>Total Utility Revenue Supported Debt</b>					<b><u>\$4,084,938</u></b>	<b><u>\$ 538,707</u></b>
<b>Total Debt – All Activities</b>					<b><u>\$5,221,938</u></b>	<b><u>\$906,707</u></b>

### Long-Term Debt changes for the year:

	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Principal Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>By Activity Type:</b>					
<b>Governmental:</b>					
2012 Recreation	<u>\$1,498,000</u>	<u>\$ -</u>	<u>\$361,000</u>	<u>\$1,137,000</u>	<u>\$368,000</u>
<b>Business Type Direct Borrowings and Direct Placements:</b>					
Sewer C32-0204	479,758	-	114,388	365,370	118,012
Water IVGID-1	664,807	-	93,876	570,931	96,792
Sewer CS32-0404	1,314,494	-	172,886	1,141,608	177,630
Water DW-1201	<u>2,149,867</u>	<u>-</u>	<u>142,838</u>	<u>2,007,029</u>	<u>146,273</u>
Business Type Total	<u>4,608,926</u>	<u>-</u>	<u>523,988</u>	<u>4,084,938</u>	<u>538,707</u>
<b>Total Debt</b>	<b><u>\$6,106,926</u></b>	<b><u>\$ -</u></b>	<b><u>\$884,988</u></b>	<b><u>\$5,221,938</u></b>	<b><u>\$906,707</u></b>
<b>By Bond Type:</b>					
General Obligation	\$4,962,361	\$ -	\$676,724	\$4,283,637	\$691,903
Revenue	<u>1,144,565</u>	<u>-</u>	<u>208,264</u>	<u>936,301</u>	<u>214,804</u>
<b>Total Debt</b>	<b><u>\$6,106,926</u></b>	<b><u>-</u></b>	<b><u>\$884,988</u></b>	<b><u>\$5,221,938</u></b>	<b><u>\$906,707</u></b>
Bond discounts	<u>(5,317)</u>	<u>-</u>	<u>-</u>	<u>5,315</u>	
Long-term Debt, net	<u>\$6,101,609</u>	<u>\$ -</u>	<u>\$883,682</u>	<u>\$5,216,623</u>	

**Future Debt Service Requirements as of June 30, 2020:**

Fiscal Year	Debt Supported by		Debt Supported by	
	<u>Utility Revenue</u>		<u>Recreation Revenue</u>	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 538,707	\$ 104,428	\$ 368,000	\$ 21,442
2022	553,841	89,291	378,000	13,050
2023	569,405	73,728	391,000	4,399
2024	455,827	58,730	-	-
2025	468,183	46,373	-	-
2026 to 2030	1,123,515	107,706	-	-
2031 to 2032	<u>375,460</u>	<u>11,283</u>	-	-
Total	<u>\$4,084,941</u>	<u>\$ 491,539</u>	<u>\$ 1,137,000</u>	<u>\$ 38,891</u>

At June 30, 2020, principal and interest to maturity paid from pledged future Utility Revenues totals \$4,576,480 and \$1,175,891 paid from pledged Recreation Revenues. For the year ended June 30, 2020, the net pledged revenue was \$1,301,981 for Utility Debt and \$4,262,165 for Recreation Debt.

**10. DEFERRED INFLOW OF RESOURCES**

The District is holding a deposit of \$243,026 for a damage award as part of ongoing litigation relating to matters asserted by a member of the public. The litigation is under appeal with the Nevada Supreme Court. If the District prevails, the award will become revenue to the General Fund. If the member of the public prevails, the deposit will be refunded under terms of a settlement agreement approved September 13, 2017.

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

**11. CAPITAL GRANTS**

The District was awarded FEMA/Nevada Department of Emergency Management Grants for 2017 damages to facilities and infrastructure. Final review and payment is ongoing.

**12. DEFERRED COMPENSATION PLAN**

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all District employees, permit them to defer a portion of their

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

### 13. DISTRICT RETIREMENT BENEFIT PLANS

The District has two retirement plans covering substantially all of its full-time year round employees. Those not covered under the Pension Trust Fund for Operating Engineers are covered by the District's Money Purchase Pension Plan (Section 401(a)). The District also sponsors a Section 457 Deferred Compensation Plan. No trust is used in relation to these plans; account balances are in the name of the individual employee.

The District's Money Purchase Pension Section 401(a) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. The District's provides a non-elective contribution of 12.3% of the employee's earnings. The District's contributions for each employee are fully vested after four years of service. District contributions and interest forfeited by employees who leave employment before fully vesting, are used to reduce the District's current-period contribution requirement. Employees are not allowed to contribute directly into this plan.

The Pension Trust Fund for Operating Engineers is a cost sharing, multiple employer, defined benefit plan contract between the District's employees and the Operating Engineers Union. The plan provides retirement and medical benefits to eligible participants based on a formula of years of service and reaching a qualifying age. It is available to approximately 45 positions in the District, covered by the collective bargaining agreements, with only four electing to do so. The District is not a party to this defined benefit plan. The District's liability under the union collective bargaining agreement is limited to making monthly contributions based on union employees' pay for hours worked. Consequently, the District is not liable for any funding shortage of the defined benefit plan. Each year the District contributions to the plan equal 100% of the District's liability under the bargaining agreement. The Pension Trust Fund for Operating Engineers issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Pension Trust Fund for Operating Engineers, 1600 Harbor Bay Parkway, Suite 200, Alameda, California 94502 or by calling (800) 251-5014.

The District's Deferred Compensation (Section 457) Plan is a defined contribution plan. The plan is administered by third party administrators. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately after the first day of a month of employment. Employee contributions are subject to Internal Revenue Service regulations for Section 457 plans. The District provides a matching contribution up to 5%. Both employee and District contributions are fully vested 100% as made.

The District's total contributions equal to required contributions for employees covered by the above plans are as follows:

	401(a) Money Purchase	Operating Engineers	Employer Section 457	Employee Section 457
<u>FYE June 30</u>				
2020	\$ 998,451	\$ 39,810	\$ 377,663	\$ 537,568
2019	\$ 985,920	\$ 39,200	\$ 301,368	\$ 527,739

**14. SCHEDULE OF INSURANCE COVERAGE AND RISK MANAGEMENT**

Insurance Coverage on June 30, 2020 consists of the following:

<u>Type</u>	<u>Carrier/Provider</u>	<u>Amount</u>
Property Liability on buildings & contents	NV Public Agency Pool	\$ 300,000,000
Earthquake & Flood	NV Public Agency Pool	150,000,000
Boiler & Machinery	NV Public Agency Pool	100,000,000
General Liability	NV Public Agency Pool	10,000,000
Cyber Security Event	NV Public Agency Pool	3,000,000
Money & Securities	NV Public Agency Pool	500,000
Site Pollution Incident	NV Public Agency Pool	2,000,000
Ski Resort Gen. Liability	Nova Casualty Company	1,000,000
Ski Resort Excess Liability	Nova Casualty Company	6,000,000
Workers Compensation	NV Public Agency Comp. Trust	2,000,000

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

A portion of each member's premium contributions to the Pool goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. The amount of the Loss Fund contribution is determined by the underwriters based on each member's average annual losses over the prior five years. This amount may vary each year.

The Pool pays all losses from the Loss Fund per occurrence, less the member's maintenance deductible. The District has a \$5,000 deductible. Excess insurance above the Pool's self-funded amount, is provided by secondary markets based on arrangements made with the Pool, including a Pool owned captive.

There were no District settlements in excess of insurance coverage in any of the three prior fiscal years.

Ski Liability Insurance is not covered by the Nevada Public Agency Insurance Pool. A separate insurance program, less the District's \$10,000 deductible, provides coverage.

The District has elected to participate in the Nevada Public Agency Compensation Trust (NVPACT) to provide workers compensation coverage for all employees. The District pays quarterly assessments. The assessments are based on actuarial estimates provided by NVPACT utilizing covered payroll data for the most recent calendar year. A portion of each member's assessment goes into the Loss Fund and the remainder pays for the excess insurance premiums and administrative expenses. This amount may vary each year.

## **15. CONTINGENCIES**

The District participates in various federal programs, which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will be established at a future date.

## **16. ASSIGNED FUND BALANCE**

As of July 1, 2015, the Board of Trustees established Special Revenue, Capital Project and Debt Service funds for District Community Services and Beach activities. Based on governmental accounting standards the fund balance for the Special Revenue funds are assigned for the purpose of recreation privileges utilizing the assessed facility fee. Furthermore, fund balances within the Community Services Capital Fund and Beach Capital Fund are further assigned for the purpose of future planned capital improvement projects. These funds generally represent revenues collected through the Recreation and Beach Facility fees allocated specifically to capital projects.

The General Fund reflects an restriction of \$1,359,737 to reflect the District's obligation under the terms of settlement of the property tax dispute filed against Washoe County et al, Nevada State Board of Equalization and the Department of Taxation by the Village League to Save Incline Assets, Inc. As the terms of the settlement are finalized, this amount is recorded as a liability at June 30, 2020.

## **17. RESTRICTED FUNDS**

At its meeting of March 3, 2020 the Board of Trustees took action to designate \$9,656,890 for the purpose of earmarking the funds for the Effluent Pipeline Project. On August 12, 2020 the Board designated an additional \$1,912,767 the Effluent Pipeline Project from unexpended appropriations provided for in the FY2019/20 budget. These two Board actions result in a total of \$11,569,657 for this project. The funds designated for the Effluent Pipeline Project represent a portion of funds received by the District from utility rate revenues established and collected specifically for Utility capital improvement projects.

Notwithstanding the Board's action to designate funding for the Effluent Pipeline Project, this funding remains in the unrestricted net position of the District's business-type activities on the government-wide Statement of Net Position. This is due to the determination that the Board's designation does not rise to the level of meeting the criteria set forth in GASB Statement No. 54 for "restricted" net position within proprietary funds.

## **18. LEASE OBLIGATIONS**

### **Revenue:**

Miscellaneous revenue includes rent received for cell towers on District property. Under an agreement with American Tower \$20,685 was paid for a tower at the Mountain Golf Course. Its term is April 2007 to 2037 with extensions every five years, cancelable by either party. The current 5 year term ends in 2022. Rent increases 3% per year. Under an agreement with AT&T \$19,572 was paid for a tower at the Mountain Golf Course. Its term is October 2010 to 2035 with automatic extensions every five years, cancelable by the tenant. The current 5 year term ends in 2020. Rent increases 3% per year. Under an agreement with AT&T \$64,155 was paid for a tower at Diamond Peak Ski Resort. Its term is July 2013 to 2038 with extensions every five years, cancelable by the tenant. The current 5 year term ends in 2023. Rent increases 3.5% per year. Revenue in the amount of \$11,197 was also received from T-Mobile (assigned to Crown Castle) for a cell tower lease at Diamond Peak Ski Resort. Its term is June 2017 to 2022 with 1 option to renew for 5 years.

District leases 1.5 acres of property adjacent to the Incline Village Middle School to the Parasol Foundation for \$1.00 per year.

District leases property located at 969 Tahoe Boulevard to the Reno-Sparks Convention and Visitor Authority for \$1.00 per year.

**Expenses:**

Golf Cart Lease – In fiscal year 2019-20 the District entered into a Installment Purchase Agreement with PNC Equipment Finance, LLC for a fleet of replacement golf carts for the Mountain Golf Course. The District's total obligation under this agreement total \$121,605 paid in 48 equal monthly installments. The lease started in July 2020, with the first payment against this obligation made in June 2020 in the amount of \$2,533.

The District holds a Use Permit for Diamond Peak operations and activities on property owned by the U.S. Forest Service adjacent to District-owned property. The District pays an annual permit fee based on revenues generated by selected Ski operations. The fee amount for the fiscal year ending June 30, 2020 was calculated at \$52,000.

The Utility Fund paid \$4,476 during the year ended June 30, 2020 for a leased copier under an agreement expiring December 2020. The remaining obligation on this lease is \$452.

**19. DUE TO OTHER GOVERNMENTS**

The Nevada Department of Taxation notified the District of refund of sales tax due another taxpayer, resulting in reductions of monthly Consolidated Tax Distributions. While the exact amount and terms for the reductions was not determined in 2018, sufficient information was available to arrive at an estimated \$60,000 liability. The refund applied to taxes received over the three years ending in March 2017. The District share of this refund was made through 18 monthly reductions that began with the July 2018 Consolidated Tax Distribution. The first twelve months resulted in \$28,946 applied to the \$60,000. During the current year \$9,102 was applied and the remainder of \$21,952 was recognized as revenue.

**20. COMMUNITY SERVICES AND BEACH SPECIAL REVENUE FUNDS**

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



	Charges for Services	Paid with Punch Cards	Punch Cards Value Utilized
Community Services Fund:			
Championship Golf	\$ 4,037,096	\$ 25,889	\$ -
Mountain Golf	690,798	4,619	-
Facilities	361,890	-	-
Ski	9,643,747	136,445	-
Community Programming	1,004,900	80,696	-
Parks	32,505	-	-
Tennis	113,786	-	-
Recreation Administration	<u>(590,712)</u>	<u>-</u>	<u>(630,804)</u>
Total	<u>\$15,294,090</u>	<u>\$247,664</u>	<u>\$(630,804)</u>
Beach Fund	<u>\$ 1,218,329</u>	<u>\$490,592</u>	<u>\$(103,876)</u>
District Total		<u>\$734,680</u>	<u>\$(734,680)</u>

## 21. COMMITMENTS AFFECTING FUTURE PERIODS

### General Fund:

The District entered into an unemployment insurance contract with First Nonprofit Companies for total premiums of \$185,000 for calendar year 2020 services. As of June 30, 2020, \$92,500 in quarterly deposits are remaining as a part of the subsequent year's budget.

### Capital Improvement Project Budget Carryover:

The District budgets for capital improvement projects one year at a time for spending authority. The actual execution of construction or acquisition can span one or more fiscal years. The District identifies carryover and unspent budget authority for those projects. The amounts for governmental fund types are re-budgeted for the subsequent fiscal year. The unused Utility Fund resources become part of Unrestricted Net Position, and are budgeted under cash flow on the State of NV budget forms. Amounts carried over at year-end are:

General Fund	\$ 300,000
Utility Fund	2,533,786
Community Services Fund	2,502,701
Beach Fund	-

### Budgeting for the Fiscal Year Ending June 30, 2020:

The District's budgeting for the fiscal year ending June 30, 2020 anticipates a reduction in Net Position caused by completion of capital projects. The identified reductions include; General Fund by \$650,150 including \$300,000 for a new Human Resources Management and Payroll System; Community Services reduction of \$6,127,741 including \$996,630 for the Tennis Center Renovation, \$700,000 for Championship Golf Course Maintenance Building improvements, \$520,000 for Ski Way and Diamond Peak Parking Lot Reconstruction, \$264,864 for Lakeview Ski Lift Improvements, and \$166,395 for the Mountain Golf Cart Path Replacement. The Beach Fund has a reduction of \$454,500 related to work on Burnt Cedar Pool and Incline Beach Facility Improvements.

The District has committed to these *contractual* arrangements for capital improvement projects:

<u>Contract Award</u>	<u>Completed at June 30, 2020</u>	<u>Remaining Commitment</u>
-----------------------	-----------------------------------	-----------------------------

*PENDING (Contracts entered into before June 30, 2020):*

**22. RESTRICTED DEPOSIT HELD IN LAWSUIT**

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

**23. STATE OF NEVADA TAX ABATEMENTS AFFECTING DISTRICT REVENUES**

The State of Nevada has entered into various tax abatement agreements that reduce the tax revenues of local governments. Taxes reduced include the Consolidated Tax, which includes allocated sales and use tax revenue. State law establishes the abatements. The District's estimated share of abatements for this fiscal year is \$21,199.

**24. PRIOR YEAR ADJUSTMENTS**

The District's financial statements for the year ended June 30, 2020 reflect prior year adjustments to re-classify as expenses selected Capital in Progress items that were reported as assets in the financial statements for the year ended June 30, 2019. A total of \$289,260 is recorded as a prior year adjustment and includes \$212,044 related to development of a Parks Master Plan and \$77,216 related to improvements planned at Incline Village Ballfield Improvements. Management has determined that no future capital asset(s) are expected to be constructed as a result of the preliminary design work that had been included in prior year's Capital in Progress.



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,288,341	\$ (154,059)
Non-cash adjustments -		
Depreciation	3,370,510	12,561
Increase (decrease) in cash from changes in:		
Accounts receivable	(1,268,002)	-
Inventory	(151,327)	(69,919)
Accounts payable	355,031	24,581
Accrued personnel costs	444,160	72,353
Unearned revenue	167,926	-
Total adjustments	<u>2,918,298</u>	<u>39,576</u>
Net cash provided (used) by operating activities	<u>\$ 4,206,639</u>	<u>\$ (114,483)</u>

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

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

		<u>Operating Engineers</u>		
For the year ending June 30:	<u>Number of Participants</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	
2020	4	\$ 323,455	\$ 39,810	
2019	4	318,699	39,200	
2018	4	308,114	37,898	
2017	4	315,764	38,839	
2016	5	346,008	42,559	
2015	4	275,846	33,929	
2014	5	346,797	42,656	
2013	5	377,293	46,407	
2012	7	395,512	48,648	
2011	7	463,862	57,055	

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,172	\$ 8,365
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment income	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Central Services Revenue	1,367,400	1,367,400	-	(1,367,400)
Total revenues	<u>5,020,299</u>	<u>5,020,299</u>	<u>3,876,424</u>	<u>(1,143,875)</u>
<b>EXPENDITURES</b>				
General Government - All Functions:				
Function Summary	<u>5,102,369</u>	<u>5,102,369</u>	<u>2,711,859</u>	<u>2,390,510</u>
Total expenditures	<u>5,102,369</u>	<u>5,102,369</u>	<u>2,711,859</u>	<u>2,390,510</u>
Excess (deficiency) of revenues over expenditures	<u>(82,070)</u>	<u>(82,070)</u>	<u>1,164,565</u>	<u>1,246,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers In (Out)	<u>(561,800)</u>	<u>(561,800)</u>	<u>(300,000)</u>	<u>261,800</u>
Net change in fund balance	(788,870)	(788,870)	864,565	1,653,435
Fund Balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,242</u>	<u>\$ 2,304,242</u>	<u>\$ 4,630,151</u>	<u>\$ 2,325,909</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES</b>				
General Government:				
General Administration				
Salaries and Wages	\$ 29,160	\$ 29,160	\$ 66,736	\$ (37,576)
Employee Benefits	18,896	18,896	19,225	(329)
Services and Supplies	426,799	426,799	452,000	(25,201)
Capital Outlay	686,445	686,445	12,419	674,026
Subtotal General Administration	<u>1,161,300</u>	<u>1,161,300</u>	<u>550,380</u>	<u>610,920</u>
General Manager				
Salaries and Wages	270,144	270,144	267,179	2,965
Employee Benefits	125,205	125,205	122,377	2,828
Services and Supplies	60,940	60,940	18,110	42,830
Subtotal General Manager	<u>456,289</u>	<u>456,289</u>	<u>407,666</u>	<u>48,623</u>
Trustees				
Salaries and Wages	104,340	104,340	103,469	871
Employee Benefits	32,480	32,480	31,366	1,114
Services and Supplies	79,600	79,600	33,696	45,904
Subtotal Trustees	<u>216,420</u>	<u>216,420</u>	<u>168,531</u>	<u>47,889</u>
Accounting				
Salaries and Wages	592,315	592,315	590,814	1,501
Employee Benefits	286,686	286,686	261,560	25,126
Services and Supplies	79,296	79,296	62,585	16,711
Central Services (Expenditure Offset)			(519,000)	
Subtotal Accounting	<u>958,297</u>	<u>958,297</u>	<u>395,959</u>	<u>562,338</u>
Information Services				
Salaries and Wages	484,000	484,000	353,682	130,318
Employee Benefits	255,454	255,454	176,980	78,474
Services and Supplies	334,243	334,243	205,317	128,926
Capital Outlay	-	-	267,005	(267,005)
Subtotal Information Services	<u>1,073,697</u>	<u>1,073,697</u>	<u>1,002,984</u>	<u>70,713</u>
Human Resources				
Salaries and Wages	532,660	532,660	547,389	(14,729)
Employee Benefits	307,348	307,348	271,706	35,642
Services and Supplies	134,309	134,309	63,448	70,861
Central Services (Expenditure Offset)			(848,400)	
Subtotal Human Resources	<u>974,317</u>	<u>974,317</u>	<u>34,143</u>	<u>940,174</u>
Health and Wellness				
Salaries and Wages	16,983	16,983	22,078	(5,095)
Employee Benefits	6,918	6,918	6,776	142
Services and Supplies	21,475	21,475	4,678	16,797
Subtotal Health and Wellness	<u>45,376</u>	<u>45,376</u>	<u>33,532</u>	<u>11,844</u>
Community & Employee Relations				
Salaries and Wages	96,338	96,338	25,284	71,054
Employee Benefits	35,817	35,817	13,656	22,161
Services and Supplies	84,518	84,518	79,724	4,794
Subtotal Comm. Relations	<u>216,673</u>	<u>216,673</u>	<u>118,664</u>	<u>98,009</u>
Function Subtotal	<u>\$ 5,102,369</u>	<u>\$ 5,102,369</u>	<u>\$ 2,711,859</u>	<u>\$ 2,390,510</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,037,096	\$ (479,225)
Mountain Golf	678,573	678,573	690,798	12,225
Facilities	420,793	420,793	361,890	(58,903)
Ski	9,222,320	9,222,320	9,781,499	559,179
Community Programming	1,285,209	1,285,209	1,004,900	(280,309)
Parks	62,178	62,178	32,505	(29,673)
Tennis	156,100	156,100	133,786	(22,314)
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888
Facility Fee:				
Championship Golf	976,157	976,157	171,994	(804,163)
Mountain Golf	689,052	689,052	327,607	(361,445)
Facilities	524,992	524,992	131,043	(393,949)
Ski	(336,323)	(336,323)	(1,638,033)	(1,301,710)
Community Programming	1,574,976	1,574,976	1,171,194	(403,782)
Parks	992,563	992,563	728,925	(263,638)
Tennis	196,872	196,872	114,662	(82,210)
Recreation Administration	1,164,826	1,164,826	4,766,675	3,601,849
Operating Grants	17,000	17,000	17,000	-
Capital Grants	623,800	623,800	-	(623,800)
Interfund Services	98,210	98,210	76,558	(21,652)
Intergovernmental Services	23,400	23,400	35,245	11,845
Investment Earnings	50,000	50,000	126,143	76,143
Miscellaneous	110,361	110,361	116,042	5,681
Total revenues	<u>22,298,780</u>	<u>22,298,780</u>	<u>21,596,817</u>	<u>(701,963)</u>
<b>EXPENDITURES</b>				
Culture and Recreation - All Functions:				
Function Summary	27,197,671	17,926,815	16,256,844	1,669,971
Total expenditures	<u>27,197,671</u>	<u>17,926,815</u>	<u>16,256,844</u>	<u>1,669,971</u>
Excess (deficiency) of revenues over expenditures	<u>(4,898,891)</u>	<u>4,371,965</u>	<u>5,339,973</u>	<u>968,008</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	-	-	44,639	44,639
Insurance Proceeds	300,000	300,000	243,548	(56,452)
Operating Transfers In	561,800	561,800	241,875	(319,925)
Operating Transfers Out - Capital Projects	-	(8,886,502)	(3,421,632)	5,464,870
Operating Transfers Out - Debt Service	-	(384,354)	(384,354)	-
Net change in fund balance	<u>(4,037,091)</u>	<u>(4,037,091)</u>	<u>2,064,049</u>	<u>6,101,140</u>
Fund Balance, July 1	13,183,167	13,183,167	13,333,953	150,786
Prior Period Adjustment			(289,360)	(289,360)
Fund Balance, July 1, as adjusted	<u>13,183,167</u>	<u>13,183,167</u>	<u>13,044,593</u>	<u>(138,574)</u>
Fund balance, June 30	<u>\$ 9,146,076</u>	<u>\$ 9,146,076</u>	<u>\$ 15,108,642</u>	<u>\$ 5,962,566</u>

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



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES</b>				
<b>Community Services:</b>				
Championship Golf				
Salaries and Wages	\$ 1,592,508	\$ 1,592,508	\$ 1,511,829	\$ 80,679
Employee Benefits	512,154	512,154	421,675	90,479
Services and Supplies	2,598,977	2,598,977	2,322,114	276,863
Capital Outlay	653,200	-	-	-
Subtotal Championship Golf	5,356,839	4,703,639	4,255,618	448,021
Mountain Golf				
Salaries and Wages	372,113	372,113	320,393	51,720
Employee Benefits	115,629	115,629	96,581	19,048
Services and Supplies	540,135	540,135	543,573	(3,438)
Capital Outlay	2,420,700	-	-	-
Subtotal Mountain Golf	3,448,577	1,027,877	960,547	67,330
Facilities				
Salaries and Wages	89,488	89,488	83,927	5,561
Employee Benefits	47,157	47,157	32,717	14,440
Services and Supplies	412,390	412,390	353,108	59,282
Capital Outlay	180,400	-	-	-
Subtotal Facilities	729,435	549,035	469,752	79,283
Ski				
Salaries and Wages	2,970,495	2,970,495	2,771,784	198,711
Employee Benefits	985,297	985,297	870,179	115,118
Services and Supplies	3,609,576	3,609,576	3,369,561	240,015
Capital Outlay	2,770,850	-	-	-
Subtotal Ski	10,336,218	7,565,368	7,011,524	553,844
Community Programming				
Salaries and Wages	1,164,024	1,164,024	1,054,806	109,218
Employee Benefits	368,533	368,533	323,816	44,717
Services and Supplies	942,566	942,566	810,950	131,616
Capital Outlay	468,650	-	-	-
Subtotal Community Programming	2,943,773	2,475,123	2,189,572	285,551
Parks				
Salaries and Wages	345,389	345,389	301,629	43,760
Employee Benefits	85,289	85,289	64,421	20,868
Services and Supplies	460,601	460,601	400,353	60,248
Capital Outlay	1,028,752	-	-	-
Subtotal Parks	1,920,031	891,279	766,403	124,876
Tennis				
Salaries and Wages	139,281	139,281	128,410	10,871
Employee Benefits	29,131	29,131	24,118	5,013
Services and Supplies	102,011	102,011	90,345	11,666
Capital Outlay	1,363,950	-	-	-
Subtotal Tennis	1,634,373	270,423	242,873	27,550
Community Services Administration				
Salaries and Wages	183,759	183,759	141,275	42,484
Employee Benefits	60,652	60,652	50,197	10,455
Services and Supplies	199,660	199,660	169,083	30,577
Capital Outlay	-	-	-	-
Subtotal Recreation Administration	444,071	444,071	360,555	83,516
Community Services Debt Service				
Principal	355,188	-	-	-
Interest	29,166	-	-	-
Subtotal Comm. Services Debt Service	384,354	-	-	-
Function Subtotal	\$ 27,197,671	\$ 17,926,815	\$ 16,256,844	\$ 1,669,971

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 BEACH SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Culture and Recreation:				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees	968,500	968,500	966,817	(1,683)
Investment Earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
<b>EXPENDITURES</b>				
Beach:				
Salaries and Wages	932,898	932,898	801,253	131,645
Employee Benefits	240,804	240,804	185,239	55,565
Services and Supplies	935,488	935,488	771,902	163,586
Capital Outlay	990,050	-	-	-
Debt Service				
Principal	5,812	-	-	-
Interest	477	-	-	-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,394</u>	<u>350,796</u>
Excess (deficiency) of revenues over expenditures	(625,729)	370,610	856,427	485,817
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingency	-	-	-	-
Operating Transfer In -	-	-	13,125	13,125
Operating Transfers Out - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers Out - Debt Service	-	(6,289)	(6,289)	-
Net change in fund balance	<u>(625,729)</u>	<u>(625,729)</u>	<u>781,254</u>	<u>1,406,983</u>
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,632</u>	<u>\$ 1,468,190</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Sales of Assets and Intangibles	\$ -	\$ -	\$ -	\$ -
Capital Grants	-	-	1,637,399	1,637,399
Total revenues	-	-	1,637,399	1,637,399
<b>EXPENDITURES</b>				
<b>COMMUNITY SERVICES RECREATION:</b>				
Championship Golf	-	653,200	439,872	213,328
Mountain Golf	-	2,420,700	1,592,962	827,738
Facilities	-	180,400	71,584	108,816
Ski	-	2,770,850	792,711	1,978,139
Community Programming	-	468,650	244,815	223,835
Parks	-	1,028,752	1,944,812	(916,060)
Tennis	-	1,363,950	233,778	1,130,172
Comm. Serv. Administration	-	-	(261,503)	261,503
Total expenditures	-	8,886,502	5,059,031	3,827,471
Excess (deficiency) of revenues over expenditures	-	(8,886,502)	(3,421,632)	5,464,870
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In - Facility Fees	-	-	-	-
Operating Transfers In - CIP	-	8,886,502	3,421,632	(5,464,870)
Total other financing sources	-	8,886,502	3,421,632	(5,464,870)
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

Note: The State Budget Form 44041.GP recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service funds for expenditure.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 BEACH CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES</b>				
Beach	\$ -	\$ 990,050	\$ 82,009	\$ 908,041
Total expenditures	-	990,050	82,009	908,041
Excess (deficiency) of revenues over expenditures	-	(990,050)	(82,009)	908,041
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In - Facility Fee	-	-	-	-
Operating Transfers In - Carryover CIP	-	990,050	82,009	(908,041)
Total other financing sources	-	990,050	82,009	(908,041)
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES</b>				
Community Services - GO Revenue Supported				
Principal	\$ -	\$ 355,188	\$ 355,188	\$ -
Interest	-	29,166	29,166	-
Total expenditures	-	384,354	384,354	-
Excess (deficiency) of revenues over expenditures	-	(384,354)	(384,354)	-
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In - Facility Fees	-	384,354	384,354	-
Total other financing sources	-	384,354	384,354	-
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

Note: The State Budget Form 44041.GI recognized Facility Fee revenue in the Community Services and Beach fund, while utilizing transfers to the Capital Projects and Debt Service Funds for expenditure.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 BEACH DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES</b>				
Beach				
Principal	\$ -	\$ 5,812	\$ 5,812	\$ -
Interest	-	477	477	-
Total expenditures	-	6,289	6,289	-
Excess (deficiency) of revenues over expenditures	-	(6,289)	(6,289)	-
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In - Facility Fees	-	6,289	6,289	-
Net change in fund balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
UTILITY FUND - BUDGETARY BASIS  
WATER, SEWER AND TRASH ACTIVITIES  
SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION -BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Sales and service fees	\$ 12,307,369	\$ 12,396,967	\$ 89,598
Intergovernmental services	199,200	-	(199,200)
Interfund services	141,400	167,499	26,099
Investment earnings	193,500	298,225	104,725
Total revenues	<u>12,841,469</u>	<u>12,862,691</u>	<u>21,222</u>
<b>EXPENSES</b>			
Wages	2,799,411	2,878,920	(79,509)
Benefits	1,407,335	1,272,562	134,773
Services and supplies	2,106,672	2,172,587	(65,915)
Utilities	929,499	894,515	34,984
Professional Fees	148,600	221,815	(73,215)
Central Services cost	353,700	353,700	-
Defensible Space	100,000	97,876	2,124
Depreciation	3,310,000	3,370,510	(60,510)
Debt service interest	111,838	111,838	-
Total expenses	<u>11,267,055</u>	<u>11,374,323</u>	<u>(107,268)</u>
<b>NONOPERATING ITEMS</b>			
Gain(loss) on sale of assets	-	(130,244)	(130,244)
Transfers In (Out)	-	45,000	45,000
Total Nonoperating items	<u>-</u>	<u>(85,244)</u>	<u>(85,244)</u>
Changes in Net Position	<u>\$ 1,574,414</u>	<u>\$ 1,403,124</u>	<u>\$ (171,290)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets - New Projects	<u>\$ 5,861,000</u>	<u>\$ 1,657,787</u>	<u>\$ (4,203,213)</u>
Payments of Principal on Capital Debt	<u>\$ 523,988</u>	<u>\$ 523,988</u>	<u>\$ -</u>

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**INTERNAL SERVICES FUND - BUDGETARY BASIS**  
**(FLEET, ENGINEERING AND BUILDINGS MAINTENANCE**  
**AND WORKERS COMPENSATION ACTIVITIES)**  
**SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Services provided by:				
Fleet	\$ 1,148,605	\$ 1,148,605	\$ 1,111,184	\$ (37,421)
Engineering	912,000	912,000	639,450	(272,550)
Buildings Maintenance	1,094,702	1,094,702	873,185	(221,517)
Interfund Services	<u>3,155,307</u>	<u>3,155,307</u>	<u>2,623,819</u>	<u>(531,488)</u>
Total Revenues	<u>3,155,307</u>	<u>3,155,307</u>	<u>2,623,819</u>	<u>(531,488)</u>
<b>EXPENSES</b>				
Wages	1,544,270	1,544,270	1,304,304	239,966
Benefits	799,470	799,470	672,372	127,098
Services and Supplies	777,857	777,857	777,201	656
Utilities	11,520	11,520	11,440	80
Legal & Audit	9,000	9,000	-	9,000
Depreciation	13,560	13,560	12,561	999
Total expenses	<u>3,155,677</u>	<u>3,155,677</u>	<u>2,777,878</u>	<u>377,799</u>
Operating Income (loss)	(370)	(370)	(154,059)	(153,689)
Changes in Net Position	<u>\$ (370)</u>	<u>\$ (370)</u>	<u>\$ (154,059)</u>	<u>\$ (153,689)</u>



**Memorandum**

**To: Audit Committee and Paul Navazio**

**From Clifford F Dobler**

**Date : 10-19-2020**

**RE: Items requiring correction in the fiscal 2020 Draft Financial Statements - in process**

On October 2, 2020, at the request of Audit Committee members, Paul Navazio provided a Preliminary Draft of the Basic Financial Statements for fiscal year 2019/2020. These statements were also provided to the Auditors on 9/9/2020. After a cursory review, I have the following comments.

The following items seven should be corrected:

- In the Statement of Activities (page2), Mr. Navazio continues to state that the Facility Fees are General Revenues of the District. The Facility Fees are Program Revenues and should be reflected as Charges for Services. The definition of a Charge for Service is detailed in paragraph 49 of GASB #34 and then replaced in paragraph 13 of GASB #37. Point #8.
- In the Statement of Activities (page 2) the "Central Services Cost Allocation" of \$1,367,400 has been reported as a Charge for Services under Program Revenues. These amounts are nothing more than expense reimbursements. There is no revenue. A separate column should indicate the reduction in expense of the General fund and the increase in expenses for the Community Services, Beach, and Utility funds. The amounts will net to zero. Paragraph 59 of GASB # 34 provides the appropriate requirements. Point #8
- In the Governmental Funds Balance Sheet (page 3), all CS Special Revenue Fund Balance except for non spendable and restricted amounts, are stated as Assigned. This is incorrect. As stated in paragraph 10 of GASB #54, "Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the "Board" should be reported as Committed funds. The fiscal 2021 budget, which was approved in May, 2020, committed \$2,900,701 for projects which were not completed in fiscal year 2020 and carried over into fiscal year 2021. Paragraph 10 of GASB #54 further states: "Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations". The two contracts of \$900,000 for the Tennis Center rehab were executed in fiscal 2020 and was part of the carryover amounts. Point #17
- The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance (page 5) together with the related statements for the CS and Beaches (page 8-9), list only ONE line item of revenues from Facility Fees. Historically, Facility Fees were delineated in three separate amounts for operations, capital projects and debt service as specified by the Board. This was obviously done in the CSSRF to disguise that only 57% (\$3,322,215) of the Facility Fees was

specified for capital projects far less than the \$5,059,031 transferred to the capital projects fund. The same holds true for Debt Service of \$410,500 with \$384,354 transferred to the debt service fund. Thus GASB #34 and #54 regarding Special Revenue Funds have not been complied with. As stated: "*Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than DEBT SERVICE or CAPITAL PROJECTS*". NO REVENUES for capital projects should be reported in the Special Revenue (operating fund)

- The Draft Basic Financial Statements do not include the Community Services Capital Project Fund as a major fund (thus requiring a separate statement). According to GASB #34 and #37 any fund which exceeds 10% of all Governmental Fund expenditures or 5% of all District funds (both governmental and enterprise) expenditures must be a MAJOR fund. In fiscal 2019, the amount expended in the capital projects fund was \$6,043,500. Total expenditures for all governmental funds was \$36,703,641 and all funds was \$47,258,129. As such, the Community Services Capital Project Fund MUST be reported as a major fund and be part of the Basic Financial Statements rather than included in unaudited supplemental information in a CAFR. The same would hold true for fiscal year 2020. NEW POINT
- The CSSRF Statement of Revenues, Expenditures and Change in Fund Balance (page 8) includes \$270,731 of gains from the sale of assets. This is incorrect and in direct violation of Resolution 1838 which became effective July 1, 2015. All gains or losses for asset sales must be accounted for in the Capital Project Funds. Point #20
- The CSSRF Statement of Revenues, Expenditures and Change in Fund Balance (page 8) includes \$1,637,399 as Revenues from Capital Grants. This is a violation of the Generally Accepted Accounting Principle of "Matching". A substantial portion of the grants was for improvements to the Incline Ball Fields and has NOTHING TO DO with operations. There grant was specifically for a Capital Project, thus violating GASB #54. A capital grant should be considered an "Other Financing Resources" or more appropriate recorded in the CSSRF capital project Funds.

As to the CSSRF Statement of Revenues, Expenditures, and Change in Fund Balance (page 8), the actual amounts authorized by the Board for Facility Fees and specified for capital projects (\$3,322,215) and debt service (\$410,015) and the Capital Grants of \$1,637,399 specified for the Incline Ball Fields renovation overstating revenues by **\$5,369,629 representing ve been reported as operating revenues which overstated the excess revenues by 80%.**

This is a brazen attempt to mislead citizens and Trustees by violating basic accounting principles.

I would ask the Audit Committee Chairman to include a discussion of these issues at the next audit committee meeting.

## INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION  
JUNE 30, 2020

This is not segregating current assets and current liabilities

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,988,914	\$ 8,993,930	\$ 23,982,844
Short term investments This should be Cash & Equivalents	1,750,000	500,000	2,250,000
Receivables:			
Accounts receivable, net	7,165	1,268,002	1,275,167
Interest on investments	33,822	17,560	51,382
Taxes and Fees from Washoe County	38,915	-	38,915
Grants Receivable	371,079	12,881	383,960
Due from other governments	466,729	-	466,729
Inventories and supplies	557,257	151,327	708,584
Prepaid items	175,449	-	175,449
Long term investments This should be Cash & Equivalents	8,261,888	5,250,000	13,511,888
<b>Restricted assets:</b> <small>no need for this heading</small>			
Temporarily restricted investments	385,160	322,895	708,055
Capital assets:			
Land	17,290,327	6,715,544	24,005,871
Construction in progress	2,974,576	1,621,412	4,595,988
Buildings, Structures, Improvements, Infrastructure, Equipment and Vehicles, net of accumulated depreciation	39,176,264	59,075,046	98,251,310
Total assets	<u>86,477,544</u>	<u>83,928,598</u>	<u>170,406,142</u>
<b>LIABILITIES</b>			
Accounts payable	855,846	355,032	1,210,879
Accrued personnel costs	1,587,807	444,160	2,031,966
Accrued interest payable	11,235	54,080	65,315
Due to other governments	17,517	-	17,517
Unearned revenue	1,776,482	167,926	1,944,408
Noncurrent liabilities:			
Due within one year <small>This is current liability</small>	538,707	368,000	906,707
Due in more than one year	592,978	3,716,938	4,309,916
Total liabilities	<u>5,380,571</u>	<u>5,106,136</u>	<u>10,486,707</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflow	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	58,309,483	63,327,064	121,636,547
Restricted Investments by Third Party Agreement	385,160	322,895	708,055
Restricted for Capital Projects		11,569,657	
Unrestricted	22,402,330	3,602,846	37,574,832
Total net position	<u>\$ 81,096,973</u>	<u>\$ 78,822,462</u>	<u>\$ 159,919,435</u>

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

This should be all funds

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,106,516	\$ 1,367,400	\$ -	\$ -	\$ (2,739,116)	\$ -	\$ (2,739,116)
Community Services <small>includes depreciation</small>	19,614,541	15,563,564	17,000	1,637,399	(2,396,577)	-	(2,396,577)
Beach <small>includes depreciation</small>	2,001,975	1,619,582	-	-	(382,392)	-	(382,392)
Fleet, Engineering, Bldgs. & Work Comp	2,777,879	2,623,819	-	-	(154,060)	-	(154,060)
Total governmental-type activities	28,500,911	21,174,366	17,000	1,637,399	(5,672,145)	-	(5,672,145)
Business-type activities:							
Utilities	11,374,323	12,564,466	-	-	-	1,190,142	1,190,142
Total primary government	\$ 39,875,234	\$ 33,738,832	\$ 17,000	\$ 1,637,399	(5,672,145)	1,190,142	(4,482,003)
General revenues:							
Property taxes					1,722,896	-	1,722,896
Combined taxes					1,719,933	-	1,719,933
Facility Fees					6,740,884	-	6,740,884
Unrestricted investment earnings					587,208	298,225	885,434
Gain on sale of capital assets					270,731	(19,184)	251,547
Insurance Proceeds					-	-	-
Miscellaneous revenues					116,993	-	116,993
Transfers In (Out)					(45,000)	45,000	-
Total general revenues and transfers					11,113,645	324,041	11,437,686
Changes in net position					5,441,500	1,514,184	6,955,683
Net position - beginning					75,655,473	77,308,278	152,963,751
Net position - ending					\$ 81,096,973	\$ 78,822,462	\$ 159,919,434

Internal Services Fund

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

Community Services Capital Projects is a Major Fund and should be included.

Capital Grants could never be considered special revenue fund revenues

Should include CSCPF because of MAJOR FUND requirements

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020**

Excludes capital assets net of related debt

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>								
Cash, cash equivalents and investments	\$ 5,504,558	\$ 16,724,284	\$ 2,646,405	\$ -	\$ -	\$ -	\$ -	\$ 24,875,248
Accounts receivable, net		3,632	3,533	-	-	-	-	7,165
Interest receivable on investments	21,821	8,558	3,443	-	-	-	-	33,822
Taxes and Fees from Washoe County	7,146	27,154	4,614	-	-	-	-	38,915
Grants receivable	-	371,079	-	-	-	-	-	371,079
Due from other governments	333,467	113,913	19,350	-	-	-	-	466,729
Inventories	-	487,338	-	-	-	-	-	487,338
Prepaid items	159,611	15,838	-	-	-	-	-	175,449
Restricted deposits	243,027	141,134	1,000	-	-	-	-	385,160
<b>Total assets</b>	<b>\$ 6,269,630</b>	<b>\$ 17,892,929</b>	<b>\$ 2,678,344</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,840,904</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 219,726	\$ 570,159	\$ 41,381	\$ -	\$ -	\$ -	\$ -	\$ 831,265
Accrued personnel costs	1,176,685	310,954	27,815	-	-	-	-	1,515,454
Due to other governments	-	-	17,517	-	-	-	-	17,517
Unearned revenue	243,070	1,533,413	-	-	-	-	-	1,776,482
<b>Total liabilities</b>	<b>1,639,480</b>	<b>2,414,526</b>	<b>86,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,140,718</b>
<b>Deferred Inflow of Resources</b>								
Deferred Inflow	-	369,662	-	-	-	-	-	369,662
<b>Fund balance</b>								
Non-spendable	159,611	503,176	-	-	-	-	-	662,787
Restricted Deposits by Third Party Agreement	243,027	141,134	1,000	-	-	-	-	385,160
Assigned	1,359,737	14,464,432	2,590,632	-	-	-	-	18,414,801
Unassigned	2,867,776	-	-	-	-	-	-	2,867,776
<b>Total fund balance</b>	<b>4,630,150</b>	<b>15,108,742</b>	<b>2,591,632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,330,524</b>
<b>Total liabilities and fund balance</b>	<b>\$ 6,269,630</b>	<b>\$ 17,892,929</b>	<b>\$ 2,678,344</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,840,904</b>
The notes to the financial statements are an integral part of this statement.								
Compare to Statement of Rev, Exp and Chg in Fund Balance	4,630,151	15,091,285	2,591,633	-	-	-	-	22,313,068
	1	(17,457,15)	1	-	-	-	-	(17,450)
							Committed Funds for contracts	

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS  
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION  
JUNE 30, 2020**

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

Total Fund Balance for Governmental Activities	\$ 22,330,524
General Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	3,192,825
Community Services Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	51,499,730
Accrued interest, not to be liquidated from currently available resources	(11,054)
Capital Grants in Deferred Inflows due to collection beyond 60 days	369,662
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(1,118,694)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	5,231
Beach Fund:	
Capital Assets, net of accumulated depreciation, and are not financial resources, and therefore are not reported in that fund	4,684,265
Accrued interest, not to be liquidated from currently available resources	(181)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in that fund	(18,306)
Unamortized Bond Discount, for the remaining bond liability, and therefore not reported in the fund	84
Internal Services Fund:	
Total Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>162,886</u>
Net Position of Governmental Activities	<u>\$ 81,096,972</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL	COMMUNITY SERVICES SPECIAL REV.	BEACH SPECIAL REVENUE	COMMUNITY SERVICES CAP. PROJECTS	BEACH CAPITAL PROJECTS	COMMUNITY SERVICES DEBT SERV.	BEACH DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>								
Ad valorem taxes	\$ 1,706,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706,172
Personal Property Tax	16,724	-	-	-	-	-	-	16,724
Intergovernmental:								
Consolidated taxes	1,483,310	-	-	-	-	-	-	1,483,310
Local Government Tax Act Services	236,623	35,244	-	-	-	-	-	236,623
Charges for Services	-	15,451,762	1,619,582	-	-	-	-	17,071,344
Facility Fees	-	5,774,007	966,817	-	-	-	-	6,740,884
Interfund Services	-	76,558	-	-	-	-	-	76,558
Operating Grants	-	17,000	-	-	-	-	-	17,000
Capital Grants - Should not be included in SR Funds	-	1,637,599	-	-	-	-	-	1,637,599
Investment income	132,643	126,143	28,422	-	-	-	-	587,208
Miscellaneous	952	116,041	-	-	-	-	-	116,993
Total revenues	3,876,424	23,234,215	2,614,821	-	-	-	-	29,725,460
<b>EXPENDITURES</b>								
<b>GENERAL GOVERNMENT</b>								
Manager	407,666	-	-	-	-	-	-	407,666
Trustees	168,531	-	-	-	-	-	-	168,531
Accounting	914,959	-	-	-	-	-	-	914,959
Information Services	735,979	-	-	-	-	-	-	735,979
Risk Management	-	-	-	-	-	-	-	-
Human Resources	882,543	-	-	-	-	-	-	882,543
Health & Wellness	33,532	-	-	-	-	-	-	33,532
Community & Employee Relations	118,664	-	-	-	-	-	-	118,664
Administration	537,960	-	-	-	-	-	-	537,960
Central Services Cost Allocation Income	(1,367,400)	inconsistent with Statement of Activities	-	-	-	-	-	(1,367,400)
Capital Outlay	279,424	-	-	-	-	-	-	279,424
<b>RECREATION</b>								
Championship Golf	-	4,255,618	-	-	-	-	-	4,255,618
Mountain Golf	-	960,547	-	-	-	-	-	960,547
Facilities	-	469,752	-	-	-	-	-	469,752
Ski	-	7,011,524	-	-	-	-	-	7,011,524
Community Programming and Recreation Center	-	2,189,572	-	-	-	-	-	2,189,572
Parks	-	843,619	-	-	-	-	-	843,619
Tennis	-	242,873	-	-	-	-	-	242,873
Recreation Administration	-	572,599	-	-	-	-	-	572,599
Beach	-	-	1,758,393	-	-	-	-	1,758,393
Capital Outlay	-	-	-	-	-	-	-	-
Championship Golf	-	-	-	439,872	-	-	-	439,872
Mountain Golf	-	-	-	1,392,962	-	-	-	1,392,962
Facilities	-	-	-	71,584	-	-	-	71,584
Ski	-	-	-	792,711	-	-	-	792,711
Community Programming and Recreation Center	-	-	-	244,815	-	-	-	244,815
Parks	-	-	-	1,944,812	-	-	-	1,944,812
Tennis	-	-	-	233,778	-	-	-	233,778
Recreation Administration	-	-	-	(261,502)	-	-	-	(261,502)
Beach	-	-	-	-	82,009	-	-	82,009
Debt Service	-	-	-	-	-	355,188	5,812	361,000
Principal	-	-	-	-	-	29,166	477	29,644
Interest	-	-	-	-	-	-	-	-
Total expenditures	2,711,859	16,546,104	1,758,393	5,059,031	82,009	384,354	6,289	26,548,040
Excess revenues (expenditures)	1,164,565	6,688,111	856,428	(5,059,031)	(82,009)	(384,354)	(6,289)	3,177,420
<b>OTHER FINANCING SOURCES:</b>								
Sale of Capital and Intangible Assets	-	270,731	-	-	-	-	-	270,731
Insurance Proceeds	-	-	-	-	-	-	-	-
Transfers In (Out) - Facility Fees for Capital Expenditure	-	(5,059,031)	(82,009)	5,059,031	82,009	-	-	(0)
Transfers In (Out) - Facility Fees for Debt Service	-	(384,354)	(6,289)	-	-	384,354	6,289	(0)
Transfers In (Out) - From (for) Other Sources	(300,000)	241,875	13,125	-	-	-	-	(45,000)
Net change in fund balance	864,565	1,757,532	781,255	-	-	-	-	3,403,151
Fund balance, July 1	3,765,586	13,333,953	1,810,378	-	-	-	-	18,909,917
Fund balance, June 30	\$ 4,630,151	\$ 15,091,285	\$ 2,591,633	\$ -	\$ -	\$ -	\$ -	\$ 22,313,068

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

22,330,524

\$ (17,456)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES FOR THE GOVERNMENTAL FUNDS  
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Total Net Change in Fund Balance for Governmental Funds	\$ 3,403,151
General Fund:	
Capital Assets acquired during the year and capitalized	279,424
Unallocated depreciation expense for the fiscal year	(306,681)
Community Services Fund:	
Capital Assets acquired during the year and capitalized	5,059,031
Depreciation expense for the fiscal year	(3,039,270)
Net book value of assets sold	
Pump Track Capital Grants collected for prior year	-
Principal paid on long-term liabilities, including bonds payable	355,188
Interest accrued versus paid	
Amortize Bond Discount for fiscal year	
Miscellaneous revenue	
Beach Fund:	
Facility Fees for periods through June 30, 2020 that were received after August 30, 2020.	-
Capital Assets acquired during the year and capitalized	82,009
Depreciation expense for the fiscal year	(243,104)
Principal paid on long-term liabilities, including bonds payable	5,813
Interest accrued versus paid	
Amortize Bond I	-
Internal Services Fund:	
Total Change in Net Position of this fund, as it is reported as a governmental activity since a majority of the services are consumed by the governmental -type activities	<u>(154,060)</u>
Change in Net Position of Governmental Activities	<u>\$ 5,441,501</u>

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



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,697,807	\$ 1,697,807	\$ 1,706,172	\$ 8,365
Personal Property Tax	12,000	12,000	16,724	4,724
Intergovernmental:				
Consolidated Tax	1,490,692	1,490,692	1,483,310	(7,382)
Local Government Tax Act	249,000	249,000	236,623	(12,377)
Investment earnings	201,000	201,000	432,643	231,643
Miscellaneous	2,400	2,400	952	(1,448)
Total revenues	<u>3,652,899</u>	<u>3,652,899</u>	<u>3,876,424</u>	<u>223,525</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT:</b>				
Manager	456,289	456,289	407,666	48,623
Trustees	216,420	216,420	168,531	47,889
Accounting	958,297	958,297	914,959	43,338
Information Services	1,073,697	1,073,697	735,979	337,718
Human Resources	974,317	974,317	882,543	91,774
Health and Wellness	45,376	45,376	33,532	11,844
Communications	216,573	216,573	118,664	97,909
Administration	474,855	474,855	537,960	(63,105)
Central Services Cost Allocation Income	(1,367,400)	(1,367,400)	(1,367,400)	-
Capital Outlay	686,445	686,445	279,424	407,021
Total expenditures	<u>3,734,869</u>	<u>3,734,869</u>	<u>2,711,859</u>	<u>1,023,010</u>
Excess (deficiency) of revenues over expenditures	<u>(81,970)</u>	<u>(81,970)</u>	<u>1,164,565</u>	<u>1,246,535</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingency	(145,000)	(145,000)	-	145,000
Operating Transfers (Out)	(561,800)	(561,800)	(300,000)	261,800
Total other financing sources (uses)	<u>(706,800)</u>	<u>(706,800)</u>	<u>(300,000)</u>	<u>406,800</u>
Net changes in fund balance	<u>(788,770)</u>	<u>(788,770)</u>	<u>864,565</u>	<u>1,653,335</u>
Fund balance, July 1	<u>3,093,112</u>	<u>3,093,112</u>	<u>3,765,586</u>	<u>672,474</u>
Fund balance, June 30	<u>\$ 2,304,342</u>	<u>\$ 2,304,342</u>	<u>\$ 4,630,151</u>	<u>\$ 2,325,809</u>

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
COMMUNITY SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

Facility Fee  
Operations \$2,050,750  
Capital Projects 3,322,215  
Debt Service 410,150

	Budgeted Amounts		Actual	Variance	
	Original	Final			
<b>REVENUES</b>					
Charges for Services					
Championship Golf	\$ 4,516,321	\$ 4,516,321	\$ 4,037,096	\$ (479,225)	
Mountain Golf	678,573	678,573	690,798	12,225	
Facilities	420,793	420,793	361,890	(58,903)	
Ski	9,222,320	9,222,320	9,781,499	559,179	
Community Programming and Recreation Center	1,285,209	1,285,209	1,004,900	(280,309)	
Parks	62,178	62,178	32,505	(29,673)	
Tennis	156,100	156,100	133,786	(22,314)	
Recreation Administration	(748,600)	(748,600)	(590,712)	157,888	
Subtotal Charges for Services	15,592,894	15,592,894	15,451,762	(141,132)	
Facility Fees <b>Should be detailed</b>	5,783,115	5,783,115	5,774,067.46	(9,048)	
Intergovernmental Services	23,400	23,400	35,244	11,844	
Interfund Services	98,210	98,210	76,558	(21,652)	
Operating Grants	17,000	17,000	17,000	(0)	
Capital Grants	623,800	623,800	1,637,399	1,013,599	
Investment income	50,000	50,000	126,143	76,143	
Miscellaneous - other	110,361	110,361	116,041	5,680	
<b>Total revenues</b>	<b>22,298,780</b>	<b>22,298,780</b>	<b>23,234,215</b>	<b>935,435</b>	
<b>EXPENDITURES</b>					
<b>COMMUNITY SERVICES OPERATIONS:</b>					
Championship Golf	4,703,639	4,703,639	4,255,618	448,021	
Mountain Golf	1,027,877	1,027,877	960,547	67,330	
Facilities	549,035	549,035	469,752	79,283	
Ski	7,565,368	7,565,368	7,011,524	553,844	
Community Programming and Recreation Center	2,475,123	2,475,123	2,189,572	285,551	
Parks	891,279	891,279	843,619	47,661	
Tennis	270,423	270,423	242,873	27,550	
Recreation Administration	444,071	444,071	572,599	(128,528)	
<b>COMM. SERVICES CAPITAL OUTLAY</b>					
Championship Golf	653,200	-	-	-	
Mountain Golf	2,420,700	-	-	-	
Facilities	180,400	-	-	-	
Ski	2,770,850	-	-	-	
Community Programming and Recreation Center	468,650	-	-	-	
Parks	1,028,752	-	-	-	
Tennis	1,363,950	-	-	-	
Recreation Administration	-	-	-	-	
<b>COMM. SERVICES DEBT SERVICE</b>					
Principal	355,188	-	-	-	
Interest	29,166	-	-	-	
<b>Total expenditures</b>	<b>27,197,671</b>	<b>17,926,815</b>	<b>16,546,104</b>	<b>1,380,711</b>	
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,898,891)</b>	<b>4,371,965</b>	<b>6,688,111</b>	<b>2,316,146</b>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	-	-	270,731	270,731	
Insurance Proceeds	300,000	300,000	-	(300,000)	
Contingency	-	-	-	-	
Operating Transfers In	561,800	561,800	241,875	(319,925)	
Operating Transfers (Out) - Capital Projects	-	(8,886,502)	(5,059,031)	3,827,471	
Operating Transfers (Out) - Debt Service	-	(384,354)	(384,354)	(0)	
<b>Total other financing sources (uses)</b>	<b>861,800</b>	<b>(8,409,056)</b>	<b>(4,930,779)</b>	<b>3,478,277</b>	
<b>Net changes in fund balance</b>	<b>(4,037,091)</b>	<b>(4,037,091)</b>	<b>1,757,332</b>	<b>5,794,423</b>	
Fund Balance, July 1	13,183,167	13,183,167	13,333,953	150,786	
Fund balance, June 30	\$ 9,146,076	\$ 9,146,076	\$ 15,091,285	\$ 5,945,209	

\$6,688,111  
CIP (3,322,225)  
DS (410,150)  
Grants (1,637,399)  
Net \$1,318,337

Mountain Golf course

Belongs in Capital Projects Fund  
Resolution 1838

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

**BEACH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

Facility Fee  
Operations \$658,580  
Cap Projects 302,172  
Debt Service 7,748

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for Services				
Beach	\$ 1,488,800	\$ 1,488,800	\$ 1,619,582	\$ 130,782
Facility Fees	968,500	968,500	966,817	(1,683)
Investment earnings	22,500	22,500	28,422	5,922
Total revenues	<u>2,479,800</u>	<u>2,479,800</u>	<u>2,614,821</u>	<u>135,021</u>
<b>EXPENDITURES</b>				
<b>BEACH RECREATION:</b>				
Beach - Operations	2,109,190	2,109,190	1,758,393	350,797
Capital Outlay	990,050			-
Debt Service				
Principal	5,812			-
Interest	477			-
Total expenditures	<u>3,105,529</u>	<u>2,109,190</u>	<u>1,758,393</u>	<u>350,797</u>
Excess (deficiency) of revenues over expenditures	<u>(625,729)</u>	<u>370,610</u>	<u>856,428</u>	<u>485,818</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	-	-	13,125	13,125
Operating Transfers (Out) - Capital Projects	-	(990,050)	(82,009)	908,041
Operating Transfers (Out) - Debt Service	-	(6,289)	(6,289)	-
Total other financing sources (uses)	<u>-</u>	<u>(996,339)</u>	<u>(75,173)</u>	<u>921,166</u>
Net changes in fund balance	<u>(625,729)</u>	<u>(625,729)</u>	<u>781,255</u>	<u>1,406,984</u>
Fund Balance, July 1	<u>1,749,171</u>	<u>1,749,171</u>	<u>1,810,378</u>	<u>61,207</u>
Fund balance, June 30	<u>\$ 1,123,442</u>	<u>\$ 1,123,442</u>	<u>\$ 2,591,633</u>	<u>\$ 1,468,191</u>

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,993,930	\$ 125,554
Short term investments	500,000	-
Accounts receivable	1,268,002	-
Interest receivable	17,560	-
Grants receivable	12,881	-
Inventories	151,327	69,919
Prepaid expenses	-	-
Total current assets	10,943,700	195,473
Noncurrent assets:		
Investments - long-term	5,250,000	-
Contractual deposits	100	-
Restricted deposit for debt service reserve	229,223	-
Restricted for TRPA Deposits	93,572	-
	5,572,895	-
Capital Assets		
Land	6,715,544	-
Construction in progress	1,621,412	-
Buildings and structures	15,623,216	-
Improvements and Infrastructure	114,687,380	-
Equipment and vehicles	3,882,231	253,869
Total capital assets	142,529,783	253,869
Less: accumulated depreciation	(75,117,781)	(189,522)
Total capital assets (net)	67,412,002	64,347
Total noncurrent assets	72,984,897	64,347
Total assets	83,928,598	259,820
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	355,032	24,581
Accrued personnel costs	444,160	72,353
Accrued interest payable	54,080	-
Unearned revenue	167,926	-
Current maturities of long-term debt	368,000	-
Total current liabilities	1,389,198	96,934
Non-current liabilities:		
Non-current long term debt	3,716,938	-
Total liabilities	5,106,136	96,934
<b>NET POSITION</b>		
Net investment in capital assets	63,327,064	64,347
Restricted Deposits by Third Party Agreement	322,895	-
Restricted for Capital Projects	11,569,657	-
Unrestricted	3,602,846	98,539
Total net position	\$ 78,822,462	\$ 162,886

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

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>OPERATING REVENUES</b>		
Sales and fees	\$ 12,396,967	\$ -
Operating grants	-	-
Interfund services	167,499	2,623,819
Total operating revenues	<u>12,564,466</u>	<u>2,623,819</u>
<b>OPERATING EXPENSES</b>		
Wages and benefits	4,151,482	1,976,675
Cost of goods sold	4,815	-
Services and supplies	1,982,362	763,514
Defensible Space	97,876	-
Central Services Cost	353,700	-
Insurance	185,410	13,687
Utilities	894,515	11,442
Professional fees	221,815	-
Depreciation	3,370,510	12,561
Total operating expenses	<u>11,262,485</u>	<u>2,777,879</u>
Operating income	<u>1,301,981</u>	<u>(154,060)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	298,225	-
Gain (loss) on sales of assets	(19,184)	-
Interest on bond debt	(111,838)	-
Total nonoperating revenues (expenses)	<u>167,203</u>	<u>-</u>
Income before transfers and contributions	<u>1,469,184</u>	<u>(154,060)</u>
Transfer In (Out)	45,000	-
Changes in net position	1,514,184	(154,060)
Total net position, July 1	<u>77,308,278</u>	<u>316,945</u>
Total net position, June 30	<u>\$ 78,822,462</u>	<u>\$ 162,885</u>

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 11,296,890	\$ -
Receipts from interfund services provided	167,499	2,623,819
Receipts from operating grants	-	-
Payments to suppliers	(3,536,787)	(833,981)
Payments to employees	(3,707,323)	(1,904,322)
Net cash provided (used) by operating activities	<u>4,220,279</u>	<u>(114,483)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer (to) from other funds	45,000	-
Net cash provided (used) by non-capital financing activities	<u>45,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,657,787)	-
Proceeds (costs) from sale of assets	(19,184)	-
Payments on capital debt	(523,988)	-
Capital contributions	(12,881)	-
Interest expense	(57,759)	-
Net cash provided (used) by capital and related financing activities	<u>(2,271,599)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted investments released (increased)	-	-
Investments purchased	-	-
Long-term investments matured	(5,750,000)	-
Investment earnings	(17,560)	-
Net cash provided (used) by investing activities	<u>(5,767,560)</u>	<u>-</u>
Net change in cash and cash equivalents	(3,773,880)	(114,483)
Cash and cash equivalents, July 1	4,366,202	435,837
Cash, cash equivalents and investments, June 30	<u>\$ 592,322</u>	<u>\$ 321,354</u>

(Continued)

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Business - type Activities Enterprise Utility Fund	Governmental Activities Internal Services Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,301,981	\$ (154,060)
Non-cash adjustments -		
Depreciation	3,370,510	12,561
Increase (decrease) in cash from changes in:		
Accounts receivable	(1,268,002)	-
Inventory	(151,327)	(69,919)
Prepaid expenses	-	-
Accounts payable	355,032	24,581
Accrued personnel costs	444,160	72,353
Unearned revenue and customer deposits	167,926	-
Total adjustments	2,918,299	39,576
Net cash provided (used) by operating activities	<u>\$ 4,220,279</u>	<u>\$ (114,483)</u>

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







GENERAL IMPROVEMENT DISTRICT

November 11, 2020

Ms. Kelly S. Langley, CTP  
Nevada Department of Taxation  
Supervisor, Local Government & Finance  
1550 College Parkway #115  
Carson City, NV 89706

Ms. Langley,

Via this correspondence the Incline Village General Improvement District (IVGID) respectfully requests a 30-day extension for filing our Fiscal Year 2020-21 Comprehensive Annual Financial Report with the Nevada Department of Taxation.

NRS Section 354.624, paragraph 1 establishes that the annual audit of a local agency must be concluded and the audit report submitted to the governing body not later than 5 months after the close of the fiscal year. In addition, paragraph 6 establishes that the audit report be presented at a meeting of the governing body no later than 30 days after the audit report is submitted. Immediately thereafter, the audit report is required to be filed with the Department of Taxation (among others).

Given that the District's fiscal year ended on June 30, 2020 the auditor's report is required to be concluded by November 30<sup>th</sup> with Board receiving the report at a public meeting no later than December 30<sup>th</sup>.

The District and its auditor, Eide Bailly, LLP are diligently working to complete presentation of the District's financial statements and audit report within the timeframe prescribed in NRS Section 354.624.

However, as you are aware, the District's Audit Committee has also engaged the services of a third-party to review and provide guidance on selected issues stemming from issues and concerns raised over the course of past audits and financial statements. This work third-party review is currently underway and a report is anticipated to be presented to the Audit Committee within the next few weeks.

In order to provide the Audit Committee time to review both the audit report for the fiscal year ending June 30, 2020 as well as the report being prepared by a third-party specific to issues related to the audit of District finances, we are requesting a 30-day extension of the timelines prescribed in NRS 3654.624.

While the District has every intention of filing the audit report within the timeframe of a 30-day extension, the District understands that any additional time needed to file the District's audit report for would require a separate request, and subsequent approval by the Department of Taxation.

We thank you in advance for your consideration of this request.

Respectfully,

  
Matthew Dent  
Board member  
Chair, Audit Committee

  
Paul Navazio  
Finance Director

cc: Board of Trustees, Audit Committee, Indra Winqwest, General Manager  
ADMINISTRATIVE OFFICES · 893 SOUTHWOOD BOULEVARD · INCLINE VILLAGE, NV 89451  
PH: (775) 832-1100 FX: (775) 832-1122 · WWW.YOURTAHOEPLACE.COM



## MEMORANDUM

**TO:** Audit Committee

**FROM:** Paul Navazio  
Director of Finance

**SUBJECT:** Request for Proposal – Independent Audit Services

**DATE:** November 12, 2020

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### **I. RECOMMENDATION**

This agenda item serves to transmit to the Audit Committee the final Request for Proposal (RFP) document issued on November 10, 2020 to solicit proposals from qualified firms to serve as the District's independent financial auditor beginning with the fiscal year ending June 30, 2021.

### **II. BACKGROUND**

At the Audit Committee meeting of October 27, 2020 a subcommittee of members Dobler and Aaron presented a draft RFP document to include scope of services for solicitation of proposals for independent audit services.

Based on the draft document presented as well as comments from members of the Audit Committee, Staff worked to finalize the RFP document and formally issued the RFP on November 10, 2020. Proposals from interested firms are due by 3:00 pm on Thursday, December 17, 2020.

At the request of the Audit Committee, this agenda item transmits both the final RFP document issued by the District as well as a red-line copy showing edits from the draft document shared with the Committee at its meeting of October 27, 2020.

#### Attachments:

- 1) Final RFP for Independent Audit Services
- 2) Redline version - RFP for Independent Audit Services

## D.2. – Legal Ad in the Tahoe Daily Tribune

FICTITIOUS BUSINESS NAME STATEMENT THE NAME(S) OF THE BUSINESS(ES):

Tube Tahoe - Located AT: 1967 Pacific South Lake Tahoe, CA 96150

THE SIGNATURE OF THE REGISTRATION STATEMENT I HEREBY CERTIFY THAT THIS IS A CORRECT COPY OF THE ORIGINAL STATEMENT ON FILE IN MY OFFICE ON 10/28/2020

APN: 022-381-010-00 TS No: CA08000108-20-1 To No: 200992420-CA/VOI NOTICE OF TRUSTEE'S SALE

FILE NO. 2010A0001116 STATEMENT OF ABANDONMENT OF USE OF FICTITIOUS BUSINESS NAME

I HEREBY CERTIFY THAT THIS COPY IS A CORRECT COPY OF THE ORIGINAL STATEMENT ON FILE IN MY OFFICE ON 10/19/2020

YOUR NEW PLUMBER IS WAITING IN THE CLASSIFIEDS!

775-881-SOLD

CASE NUMBER: SC20200149 SUPERIOR COURT OF CALIFORNIA, COUNTY OF EL DORADO

ORDER TO SHOW CAUSE FOR CHANGE OF NAME

THE COURT ORDERS that all persons interested in this matter appear before this court at the hearing indicated below to show cause, if any, why the petition for change of name should not be granted.

Proposed name: Hayley Anne Medina Astronomy

APN: 022-381-010-00 TS No: CA08000108-20-1 To No: 200992420-CA/VOI NOTICE OF TRUSTEE'S SALE

FILE NO. 2010A0001116 STATEMENT OF ABANDONMENT OF USE OF FICTITIOUS BUSINESS NAME

I HEREBY CERTIFY THAT THIS COPY IS A CORRECT COPY OF THE ORIGINAL STATEMENT ON FILE IN MY OFFICE ON 10/19/2020

775-881-SOLD

2. THE COURT ORDERS that all persons interested in this matter appear before this court at the hearing indicated below to show cause, if any, why the petition for change of name should not be granted.

ORDER TO SHOW CAUSE FOR CHANGE OF NAME

THE COURT ORDERS that all persons interested in this matter appear before this court at the hearing indicated below to show cause, if any, why the petition for change of name should not be granted.

Proposed name: Hayley Anne Medina Astronomy

APN: 022-381-010-00 TS No: CA08000108-20-1 To No: 200992420-CA/VOI NOTICE OF TRUSTEE'S SALE

FILE NO. 2010A0001116 STATEMENT OF ABANDONMENT OF USE OF FICTITIOUS BUSINESS NAME

I HEREBY CERTIFY THAT THIS COPY IS A CORRECT COPY OF THE ORIGINAL STATEMENT ON FILE IN MY OFFICE ON 10/19/2020

775-881-SOLD

Advertisement NOTICE is hereby given that Pursuant to the California Self-Service Storage Law

Legal & Public Notices NOTICE OF TRUSTEE'S SALE Trustee Sale No. Order No. 200212175 FNA/VA/PM No. 049-0855944-703

Legal & Public Notices Notice of Sale In accordance with the provisions of the California Business and Professional Code

Legal & Public Notices REQUEST FOR PROPOSALS PROFESSIONAL FIRMS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

REQUEST FOR PROPOSALS PROFESSIONAL FIRMS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

INDEPENDENT AUDIT SERVICES The Incline Village General Improvement District (IGVD) is soliciting for proposals from qualified professional firms to provide auditing services

The complete Request for Proposals (RFP) including Scope of Work, Proposal Submission Requirements, project deliverables and proposed schedule can be obtained at the District's website: https://www.igvd.org

Legal & Public Notices

TAHOE REGIONAL PLANNING AGENCY ADVISORY PLANNING COMMISSION NOTICE OF PUBLIC HEARINGS

Pursuant to the State of California's Executive Order No. N-29-20 and the State of Nevada's Declaration of Emergency, Executive Order 200, the TRPA meeting will not be physically open to the public and all Advisory Planning Committee Members will be participating in the meeting via GoToWebinar.

NOTICE IS HEREBY GIVEN that at its regular meeting to be held on December 9, 2020, commencing at 9:30 a.m. via GoToWebinar, the Advisory Planning Commission of the Tahoe Regional Planning Agency will conduct a public hearing on the following:

- 1) Discussion and possible recommendation for Tahoe Valley Area Plan Amendments in the City of South Lake Tahoe, specifically various policies, design standards, and substitute standards including roof pitch and height, corner building design, parking demand, coverage transfer, and related topics to encourage workforce housing development.

Joanne S. Marchetta Executive Director

Notice of Sale In accordance with the provisions of the California Business and Professional Code

The following items to be sold consist of household goods and personal effects. Name of owner followed by lot number.

- 1. Melissa Viera Unit # 197
2. Cindy Milan Unit # 309
3. Christopher Hansen Unit # 425
4. Adres Diaz Unit # 424
5. Kathleen Doran Unit # 110
6. Marian Melstrik Unit # 122

Pub: Nov. 13, 20 2020 Ad # D000636482

REQUEST FOR PROPOSALS PROFESSIONAL FIRMS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

INDEPENDENT AUDIT SERVICES The Incline Village General Improvement District (IGVD) is soliciting for proposals from qualified professional firms to provide auditing services

The audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards, issued by the Comptroller General of the United States, as well as the applicable provisions of NRS 354.624.

IGVD is a general improvement district formed in accordance with Nevada Revised Statute Chapter 318 of the State of Nevada and is governed by a 5-member Board of Trustees. IGVD's fiscal year begins on July 1st of each year. IGVD provides general government services, and has basic powers granted by the County of Washoe, Nevada to furnish sanitary facilities for sewerage, facilities for water, recreational facilities and facilities for the collection and disposal of garbage and refuse.

The complete Request for Proposals (RFP) including Scope of Work, Proposal Submission Requirements, project deliverables and proposed schedule can be obtained at the District's website: https://www.igvd.org

Due to Covid-19 restrictions at this time, a hard copy of the RFP is not available for viewing; however, paper copies will be made available for mailing upon request.

All questions regarding this RFP should be directed to: Paul Navazio, RFPs Director, 311 (775) 832-1365, or via email at pcn@igvd.org

Publication: November 13, 2020 Ad # D000636705

## D.2. – Final RFP for Independent Audit Services

**REQUEST FOR PROPOSAL  
FOR  
INDEPENDENT AUDIT SERVICES**



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
IVGID Audit Committee  
893 Southwood Boulevard  
Incline Village, Nevada 89451**

*Release Date: November 10, 2020  
By: Paul Navazio, Director of Finance*

The Incline Village General Improvement District (IVGID) is hereby requesting proposals from qualified professional firms to provide auditing services pertaining to the financial records of the District.

Qualified firms or individuals should submit five copies of a sealed proposal or email meeting the terms of this RFP, no later than:

**Thursday, December 17, 2020  
3:00 PM**

To: Paul Navazio, Director of Finance  
IVGID  
893 Southwood Boulevard  
Incline Village, NV 89451  
Email: [AuditServicesProposal@ivgid.org](mailto:AuditServicesProposal@ivgid.org).

Proposals should be clearly marked on the outside:

**"Independent Audit Services Proposal"**

Questions pertaining to this RFP should be directed to:  
Paul Navazio, Director of Finance, e-mail: [pcn@ivgid.org](mailto:pcn@ivgid.org); phone: (775) 832-1365

This selection will be made without regard to race, religion, creed, color, sex, sexual orientation, or national origin.

Matthew Dent  
Trustee and Chair Audit Committee  
Incline Village General Improvement District  
November 9, 2020

This RFP contains 35 pages.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

**INDEPENDENT AUDIT SERVICES  
TABLE OF CONTENTS**

- I. INTRODUCTION AND NATURE OF SERVICES REQUIRED
  - A. General Information.....
  - B. Term of Engagement.....
  - C. Scope of Work to be Performed.....
  - D. Auditing Standards to be Followed .....
  - E. Reports to be Issued .....
  - F. Special Considerations.....
  - G. Working Paper Retention and Access to Working Papers.....
  
- II. DESCRIPTION OF IVGID
  - A. Incline Village General Improvement District ("IVIGD").....
    - General.....
    - Fund Structure.....
    - Budgetary Basis of Accounting .....
    - Computer Systems.....
    - Availability of Prior Reports and Working Papers .....
  
- III. TIME REQUIREMENTS
  - A. Proposal Calendar.....
  - B. Scheduling the Audit .....
  - C. Entrance Conferences, Progress Reporting and Exit Conferences.....
  - D. Date Final Report Due.....
  
- IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION
  - A. Director of Finance and Clerical Assistance .....
  - B. Technology Services Assistance.....
  - C. Statements and Schedules Preparation.....
  - D. Report Preparation, Editing and Printing.....
  
- V. PROPOSAL REQUIREMENTS
  - A. General Requirements .....
  - 1. Pre-proposal Conference .....
  - 2. Inquiries .....
  - 3. Submission of Proposals.....
  - B. Technical Proposal.....
    - 1. General Requirements .....
    - 2. Independence.....
    - 3. License to Practice in Nevada.....

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

**INDEPENDENT AUDIT SERVICES TABLE OF CONTENTS (continued)**

- 4. Firm Qualifications and Experience.....
- 5. Partner, Supervisory and Staff Qualifications and Experience .....
- 6. Prior Engagements with IVGID .....
- 7. Similar Engagements with Other Government Entities .....
- 8. Specific Audit Approach .....
- 9. Identification of Anticipated Potential Audit Problems.....
- 10. Report Format .....
- 11. Exceptions.....
- C. Fixed Cost Bid .....
- 1. Total Maximum Price.....
- 2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each.....
- 3. Out-of-Pocket Expenses Included in the Total Maximum Price and Reimbursement Rates .....
- 4. Rates for Additional Professional Services .....
- 5. Manner of Payment.....
  
- VI. EVALUATION PROCEDURES
- A. Review of Proposals.....
- B. Evaluation Criteria .....
- 1. Mandatory Elements .....
- 2. Technical Quality .....
- 3. Fixed Price .....
- C. Audit Committee .....
- D. Oral Presentations.....
- E. Final Selection.....
- F. Right to Reject Proposals.....
- G. Anti-collusion
  
- VII. AWARD OF AGREEMENT .....
  
- VIII. FAILURE TO PERFORM .....
  
- IX. DEFAULT OF AGREEMENT .....
  
- X. APPEAL BY UNSUCCESSFUL PROPOSER.....
  
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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

**INDEPENDENT AUDIT SERVICES TABLE OF CONTENTS (continued)**

EXHIBITS

A	Insurance, hold harmless and indemnification requirements for the Independent audit services .....
B	Certification Regarding Debarment, Suspension, and Other Responsibility Matters .....
C	Organizational Chart .....
D	Audit Schedule .....
E	Notification of Interest.....
F	Schedule of Professional Fees and Expenses.....

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

**I. INTRODUCTION AND NATURE OF SERVICES REQUIRED**

**A. General Information**

The IVGID Audit Committee is currently requesting written proposals to establish a list of qualified firms of certified public accountants with expertise in one or multiple fields of auditing in this RFP. IVGID then intends to negotiate the award of a contract with qualified proposers within their respective expertise to audit the financial statements of IVGID on behalf of the IVGID Board of Trustees.

The audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards, issued by the Comptroller General of the United States, as well as the applicable provisions of NRS 354.624.

There is no expressed or implied obligation for IVGID to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

**B. Term of Engagement**

A five-year contract is contemplated for the fiscal years ending June 30, 2021 through June 30, 2025, subject to the review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to IVGID and the selected firm. The firm will be required to have a member supervising the staff rotating every two years and audit engagement partners rotating at least every three years.

**C. Scope of Work to be Performed**

IVGID desire the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

IVGID also desire the auditor to express an opinion on the fair presentation of its individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES**

audit of the basic financial statements and the individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the Comprehensive Annual Financial Report (CAFR).

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information as mandated by generally accepted auditing standards.

**D. Auditing Standards to be Followed**

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's Government Auditing Standards, issued by the Comptroller General of the United States, as well as the applicable provisions of NRS 354.624.

**E. Reports to be Issued**

Following the completion of the audits of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the Basic financial statements in conformity with generally accepted accounting principles.
2. A report on compliance and internal control over financial reporting based on an audit of financial statements.
3. A report on compliance with the applicable provisions of NRS 354 or other Nevada Revised Statutes or Nevada Administrative Code requiring such disclosure.

In the required report[s] on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness shall be defined as a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES**

weaknesses shall be identified as such in the report. In addition, the following conditions shall be reported:

Auditor's comments on:

1. Statutory Compliance
2. Progress on Prior Year Statute Compliance
3. Prior Year Recommendations
4. Current Year Recommendations
5. Nevada Revised Statute 354
6. Any other reports/reviews required by statute or regulations

Control deficiencies discovered by the auditors that are neither significant deficiencies nor material weaknesses shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls. A control deficiency shall be deemed to have occurred whenever the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

Irregularities and illegal acts - Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: IVGID General Manager, Audit Committee, Board of Trustees, and Director of Finance.

Reporting to the Audit Committee – Auditors shall assure themselves that the IVGID Audit Committee are informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Auditor's judgments about the quality of the entity's accounting principles
6. Other information in documents containing audited financial statements

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES**

7. Disagreements with management
8. Management consultation with other accountants
9. Major issues discussed with management prior to retention
10. Difficulties encountered in performing the audit

**F. Special Considerations**

IVGID will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will not be required to provide special assistance to IVGID to meet the requirements of that program.

A list of findings and other weaknesses from IVGID's most recent financial statement audit, conducted during the most recent fiscal period to be audited can be made available upon request.

**G. Working Paper Retention and Access to Working Papers**

All working papers must be retained, at the auditor's expense, for a minimum of three (3) years from the completion date of the audit, unless the firm is notified in writing by IVGID of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. IVGID Board of Trustees, Audit Committee, IVGID General Manager, IVGID Director of Finance
2. U.S. Government Accountability Office (GAO)
3. Parties designated by the federal or state governments as part of an audit quality review process
4. Auditors of entities of which the entities are a sub recipient of grant funds

In addition, the firm(s) shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**II. DESCRIPTION OF IVGID**

**A. Incline Village General Improvement District ("IVGID")**

**General:** IVGID is a general improvement district formed in accordance with Nevada Revised Statute Chapter 318 of the State of Nevada and is

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governed by a 5-member Board of Trustees. IVGID's fiscal year begins on July 1 and ends on June 30.

**Fund Structure:** IVGID provides general government services, and has basic powers granted by the County of Washoe, Nevada to furnish sanitary facilities for sewerage, facilities for water, recreational facilities and facilities for the collection and disposal of garbage and refuse. IVGID has the following fund types and number of individual funds in its financial reporting as of June 30, 2020.

- One (1) General Fund
- Two (2) Special Revenue Funds
- Two (2) Debt Service Funds
- Two (2) Capital Projects Fund
- One (1) Enterprise Fund
- One (1) Internal Services Fund

*(The number of funds is subject to change as the structure of IVGID changes).*

**Budgetary Basis of Accounting:** IVGID prepares its budget on a basis consistent with generally accepted accounting principles.

**Computer Systems:** IVGID's primary financial software system is Innoprise (a Harris Solutions platform). IVGID has used Innoprise since 2014. Innoprise modules are utilized for the following functional and process areas:

1. General ledger and financial accounting
2. Cost accounting including grants and capital projects
3. Fixed assets
4. Materials management including purchasing, encumbrance accounting, and physical inventory
5. Accounts payable
6. Billing and accounts receivable
7. Human resources
8. Payroll
9. Employee self-service including working time entry, payroll and health benefits data changes
10. Budget
11. Treasurer's electronic banking and petty cash
12. Workflow/online approvals

The Innoprise system uses both online real-time entry and batch processing. System security, backups, installation of backups, and maintenance are provided by the Innoprise / Harris with support from the District's Information

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Technology staff. The District is at the early stages of transitioning to a new financial system (Tyler Munis) over the course of FY2020/21 and FY2021/22.

In addition to the primary financial system, several departments use various other software providers for their operations. These include various third-party Point-of-Sale systems used by the District's recreational venues as well as utility billings. Data generated by such software includes information that may be interfaced with the primary accounting system pertaining to revenues, cash receipts and accounts receivable.

**Availability of Prior Reports and Working Papers:** Interested proposers who wish to review prior years' audit reports and management letters should contact the IVGID Audit Committee. IVGID will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals. Comprehensive Annual Financial Reports can also be located at IVGID.

### **III. TIME REQUIREMENTS**

#### **A. Proposal Calendar**

The following is a list of key dates for the proposals:

<u>Event</u>	<u>Date</u>
Distribution of RFP .....	November 10, 2020
Pre-Proposal Conference.....	November 17, 2020
Deadline for Submitting Questions.....	November 20, 2020
Responses to Questions .....	November 30, 2020
<b>Proposal Closing</b> .....	<b>December 16, 2020</b> <b>(3:00pm PDT)</b>
Public RFP Opening.....	December 18, 2020
Evaluation Period .....	Dec. 21 – Jan: 8, 2021
Award Recommendation (Audit Committee)	January 31, 2021
Award by the IVGID Board of Trustees .....	February, 2021
Implementation of Contract .....	by March 1, 2021

#### **B. Scheduling the Audit**

IVGID will have all records ready for audit and all management personnel available to meet with the firm's personnel in accordance with the attached schedule (EXHIBIT D) for the fiscal year ending June 30, 2021. A similar time schedule will be developed for audits for future fiscal years.

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Each of the following should be completed by the auditors no later than the dates indicated:

1. Interim work shall be completed by June 30<sup>th</sup>.
2. The auditor shall provide by July 1 a detailed audit plan and a list of all schedules to be prepared if not included on the attached sample schedule (EXHIBIT D).
3. The auditor shall complete all field work by the second Wednesday in October.
4. The auditor(s) shall have drafts of the audit report[s] and recommendations to management available for review on or before October 23.

**C. Entrance Conferences, Progress Reporting and Exit Conferences**

At a minimum the following conferences are to be held on or before the dates indicated below:

1. Entrance conference with all key finance department personnel and department heads of key offices or programs shall be held no later than the last business day in May. The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed if not previously communicated. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.
2. Progress conference with key finance department personnel shall be held no later than the third Wednesday in September.
3. Exit conference with key finance department personnel shall be held no later than the fourth Wednesday in October.

**D. Date Final Report Due**

For the IVGID audit, the IVGID Director of Finance, or appropriate financial staff, shall prepare draft financial statements, notes and all required supplementary schedules no later than the first Friday in October. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Director of Finance by the third Friday in October. Once all issues for discussion are resolved, the final financial reports shall be completed by the Director of Finance and the final auditor's report(s) shall be delivered to the Audit Committee by October 23.

**IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT**



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**PREPARATION**

**A. Director of Finance and Clerical Assistance**

The IVGID finance staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the Finance Department.

**B. Technology Services Assistance**

IVGID's Information Technology Department personnel will be available to provide systems documentation and explanations. The auditor will be provided access to IVGID's hardware and software, as requested. Additionally, IVGID will provide the auditor with reasonable work space and access to photocopiers and FAX machines.

**C. Statements and Schedules Preparation**

The staff of the IVGID Finance Department, will prepare statements and schedules for the auditors based on the audit schedule.

**D. Report Preparation, Editing and Printing**

Financial report preparation, editing and printing shall be the responsibility of the IVGID Finance Department. The auditors will be responsible for the preparation and editing of the auditors' reports and opinions and for coordinating with the Finance Department for insertion into the financial reports.

**V. PROPOSAL REQUIREMENTS**

**A. General Requirements**

1. ***Pre-proposal Conference:*** A conference for firms interested in submitting proposals will be held at 2:00 p.m. on November 17, 2020, at the IVGID Administration Offices, or via teleconference, as appropriate. Both verbal and written questions will be accepted during the conference. Minutes of the pre-proposal conference will be made available to those requesting such. At the pre-proposal conference representatives of IVGID will be available to discuss their operations for interested proposers.

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2. ***Inquiries:*** In order to ensure fair and objective evaluation, all questions related to this RFP shall be addressed directly to the IVGID's Director of Finance, Paul Navazio. Contact with any other IVGID employees after the RFP's official release date is strictly prohibited. Proposers who directly contact IVGID employees risk elimination of their proposal from further consideration. Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Paul Navazio, Director of Finance  
IVGID  
893 Southwood Boulevard  
Incline Village, NV 89451  
Email: [pcn@IVGID.org](mailto:pcn@IVGID.org)  
Phone: (775)832-1365

Deadline for the submission of questions regarding the RFP is November 20, 2020.

The IVGID Director of Finance shall perform all matters relevant to this Request for Proposal, acknowledgment, and evaluation, in conjunction with members that include the IVGID Audit Committee, the General Manager, and other IVGID representatives as may be deemed appropriate.

3. ***Submission of Proposals:*** The following material is required to be received by 3:00 PM PST on December 17, 2020 for a proposing firm(s) to be considered.
- a. An original (so marked) of the Technical Proposal and six (6) copies to include the following:
    - i. Title Page showing the request for proposals subject: the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
    - ii. Table of Contents
    - iii. A signed Transmittal Letter briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the fiscal year ending June 30, 2021.

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- iv. A Detailed Proposal should follow the order set forth in the Technical Proposal in Section V-B of this request for proposal.
  - v. Executed copy of the Certification Regarding Debarment, Suspension, and Other Responsibility Matters, attached to this request for proposal (EXHIBIT B).
- b. The proposer(s) shall submit an original and six (6) copies of a fixed cost bid as set forth in the Bid Section of this Request for Proposal.
- c. Proposers should send the completed proposal to the following address:
- Incline Village General Improvement District  
893 Southwood Boulevard  
Incline Village, NV 89451  
*Attention: IVGID Audit Committee*

IVGID assumes no responsibility for errant delivery of proposals relegated to a courier agent who fails to deliver in accordance with the specified time and receiving point. Late, incomplete or unsigned proposals shall receive **no** consideration.

Proposals may be withdrawn at any time up until the opening and acknowledgment upon written notice to the IVGID Director of Finance. Withdrawal requests received after the time set for opening and acknowledging shall **not** be considered.

The contents of the proposal and any clarifications thereto submitted by the successful proposer(s) and accepted by IVGID shall become part of the contractual obligation and incorporated by reference into the ensuing Agreement(s). The final Agreement(s) shall incorporate the RFP and attachments and exhibits thereto, proposer's response(s), and any negotiated points of Agreement(s) between the parties.

All proposals shall become the property of IVGID and shall not be returned to the proposers.

All proposals shall become public records under the laws of the State of Nevada, and the public shall be given access thereto. All responses submitted by proposers shall be deemed confidential during the evaluation process. Proposals will not be available for review by

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anyone other than the District Staff, Audit Committee or its designated agents during the selection process. Information deemed proprietary by respondent must be clearly labeled as such using red ink.

Any and all costs incurred by the proposers in the preparation and delivery of their proposal(s), or subsequent negotiation of the resulting Agreement(s), shall be borne entirely by the proposer.

**B. Technical Proposal**

1. **General Requirements:** The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake independent audits of IVGID, in conformity with the requirements of this request for proposal. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to these engagements. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposal (excluding any cost information which should only be included in the dollar cost bid(s)). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following items numbered 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. **Independence:** Firms should provide an affirmative statement that they are independent of IVGID, as defined by generally accepted auditing standards.

Firms should also list and describe their professional relationships involving IVGID for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give IVGID written notice of any professional

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relationships entered into during the period of this agreement.

3. ***License to Practice in Nevada:*** An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Nevada.
4. ***Firm Qualifications and Experience:*** The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

Any proposer that is a joint venture or consortium shall separately identify the qualifications of each firm comprising the joint venture or consortium and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. ***Partner, Supervisory and Staff Qualifications and Experience:*** Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagements. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Nevada. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing

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professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which staff to be assigned to the audit reflect IVGID's commitment to Affirmative Action.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of IVGID. However, in either case, IVGID retain the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of IVGID, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. **Prior Engagements with IVGID:** List separately all engagements within the last five years, ranked on the basis of total staff hours, for IVGID by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.
7. **Similar Engagements with Other Government Entities:** For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.
8. **Specific Audit Approach:** The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal.

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In developing the work plan, reference should be made to such sources of information as IVGID budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a) Proposed segmentation of the engagements
  - b) Level of staff and number of hours to be assigned to each proposed segment of the engagement submitting a proposal for (no dollars should be included in the technical proposal)
  - c) Sample size and the extent to which statistical sampling is to be used in the engagement
  - d) Extent of use of EDP software in the engagement
  - e) Type and extent of analytical procedures to be used in the engagement
  - f) Approach to be taken to gain and document an understanding of the entities' internal control structure
  - g) Approach to be taken in determining laws and regulations that will be subject to audit test work
  - h) Approach to be taken in drawing audit samples for purposes of tests of compliance
9. **Identification of Anticipated Potential Audit Problems:** Proposals should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from IVGID.
10. **Report Format:** Proposals should include sample formats for required reports.
11. **Exceptions:** Proposals shall include any exceptions to the terms, conditions, and requirements as specified in the RFP. Failure to note exceptions in the proposal response shall indicate that the proposer will agree to perform as specified if they are awarded the contract.

**C. Fixed Cost Bid**

1. **Total Maximum Price:** The fixed cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket

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expenses.

IVGID will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

The first page of the dollar cost bid should include the following information:

- a) Name of firm
  - b) Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract.
  - c) A Total Maximum Price for the fiscal year ending June 30, 2021 engagement
  - d) A Proposed Total Maximum Price for subsequent renewal years.
2. ***Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each:*** The second page of the dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (EXHIBIT F) that supports the total maximum price per entity.
  3. ***Out-of-pocket Expenses Included in the Total Maximum Price and Reimbursement Rates:*** Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by IVGID for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the dollar cost bid in the format provided in the attachment (EXHIBIT F). All expense reimbursements will be charged against the total maximum price submitted by the firm. In addition, a statement must be included in the dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing IVGID rates for its employees (GSA rates for IVGID).
  4. ***Rates for Additional Professional Services:*** If it should become necessary for IVGID to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between IVGID and the firm. Any such additional work



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agreed to between IVGID and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

5. ***Manner of Payment:*** Progress payments may be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

## **VI. EVALUATION PROCEDURES**

### **A. Review of Proposals**

The District's evaluation team will use a point formula during the review process to score proposals for IVGID. Each evaluator will first score each technical proposal by each of the criteria described in Section VI-B below. The full evaluation team will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the dollar cost bid will be opened and additional points will be added to the technical score based on the price bid..

IVGID reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

### **B. Evaluation Criteria**

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. **Mandatory Elements:**
  - a) The audit firm is independent and licensed to practice in Nevada.
  - b) The firm has no conflict of interest with regard to any other work performed by the firm for IVGID.
  - c) The firm adheres to the instructions in this request for proposals

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- on preparing and submitting the proposal(s).
- d) The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Quality:

a) Expertise and Experience

- (1) The firm's past experience and performance on comparable government engagements.
- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

b) Audit Approach

- (1) Adequacy of proposed staffing plan for various segments of the engagement.
- (2) Adequacy of sampling techniques.
- (3) Adequacy of analytical procedures.

3. Fixed Price

**COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.**

**C. Audit Committee**

Proposals, evaluations and recommendations will be presented to IVGID's Audit Committee for their review and approval. A list of the members of the Audit Committee will be provided to proposers upon request.

**D. Oral Presentations**

During the recommendation review process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

**E. Final Selection**

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IVGID will select a firm based upon the recommendation of the Audit Committee and subject to approval by the Board of Trustees. It is anticipated that a firm will be selected in January 2021. Following notification of the firm(s) selected, and approval by the Board of Trustees of IVGID, it is expected a contract(s) will be executed between relevant parties by March 1, 2021.

**F. Right to Reject Proposals**

Submission of any proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between IVGID and the firm selected. IVGID reserves the right without prejudice to reject any or all proposals.

**G. Anti-collusion**

The submittal of a proposal constitutes agreement that the proposer has not divulged its proposal to other proposers, nor has colluded with any other proposers or parties to any other proposal.

**VII. AWARD OF AGREEMENT**

Recommendation for award shall be made totally on the basis of the proposal(s) deemed most advantageous to IVGID. In all instances the decisions rendered by the IVGID's Board of Trustees, shall be final. IVGID shall reserve the right to accept or reject any or all proposals; to negotiate any portion of the proposal responses; to waive any found informalities in the proposals; and to hold all proposals for a maximum of one hundred twenty (120) days from the opening date before final action to accept or reject any proposal.

Unless proposals shall specifically state to the contrary, IVGID shall reserve the right and privilege to sever any portion of any proposal.

Successful proposer[s] shall not commence performance against any resulting award of this request for proposal until such time as they receive a purchase order from IVGID engaging the successful proposers' audit services.

**VIII. FAILURE TO PERFORM**

The services rendered under the resulting agreement shall be critical to the mandated responsibilities of IVGID. Therefore, the successful proposer shall, upon satisfactory notification, reimburse IVGID for all expenses incurred by them in

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providing services that are the responsibility of the successful proposer. Such expenses shall be reduced from any current or future amounts due and payable to the successful proposer.

In the event the resulting agreement is terminated prior to its expiration, all finished or unfinished documents, studies, correspondence, reports and other products prepared by or for the successful proposer under the resulting agreement shall become the exclusive property of IVGID. Notwithstanding the above, the successful proposer shall not be relieved of liability to IVGID for damage sustained by them by virtue of any breach of any resulting agreement by the successful proposer.

**IX. DEFAULT OF AGREEMENT**

In the event of default by a successful proposer, IVGID may procure the required services from other sources and hold the successful proposer liable for any cost excess beyond the cost anticipated in the original Agreement. In addition, IVGID may seize the performance bond, if applicable, and pursue any or all other legal remedies against the defaulting firm.

**X. APPEAL BY UNSUCCESSFUL PROPOSER**

Any unsuccessful proposer may appeal a pending RFP award prior to award by IVGID. The appellant must:

Submit a written protest to the Audit Committee not less than seven days prior to the recommendation to award hearing date.

Describe, in the written protest, the issues to be addressed on appeal.

Post, with the written protest, a bond with good and solvent surety authorized to do business in this state or submit other security in a form approved by IVGID, who will hold the bond or other security until a determination is made on the appeal.

Post the bond or other security in the amount of 25% of the total dollar value of appellant's bid, up to a maximum bond or other security amount of \$250,000.

Not seek any type of judicial intervention until IVGID has rendered its final decision on the protest.

IVGID will stay any award actions until after the Audit Committee has responded in writing to the protest. If the appellant is not satisfied with the response, appellant may then protest to the IVGID Board of Trustees, who will render a final decision.

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No bid protests will be heard by the Board of Trustees unless the bidder has followed the appeal process.

If an appeal is granted, the full amount of the posted bond will be returned to the appellant. If the appeal is denied or not upheld, a claim may be made against the bond for expenses suffered by the IVGID because of the unsuccessful appeal.

IVGID is not liable for any costs, expenses, attorney's fees, loss of income or other damages sustained by the appellant in a bid process.

**XI. OPEN MEETING LAW**

NRS 241 provides that public business shall be conducted in an open meeting.

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**EXHIBIT A – Insurance, hold harmless and indemnification requirements  
for the independent audit services**

**INDEMNIFICATION**

PROPOSER Liability

As respects acts, errors or omissions in the performance of PROPOSER services, PROPOSER agrees to indemnify and hold harmless Incline Village General Improvement District ("IVGID") and their officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, liability or consequential damages of any kind or nature arising directly out of PROPOSER'S negligent acts, errors or omissions in the performance of its PROPOSER services under the terms of this agreement.

PROPOSER further agrees to defend IVGID and assume all costs, expenses and liabilities of any nature to which IVGID may be subjected as a result of any claim, demand, action or cause of action arising out of the negligent acts, errors or omissions of PROPOSER or its Sub-consultant in the performance of their PROPOSER services under the Agreement.

General Liability

As respects all acts or omissions which do not arise directly out of the performance of PROPOSER services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, PROPOSER agrees to indemnify, defend (at the entities option), and hold harmless IVGID their officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, liability, or consequential damages of any kind or nature arising out of or in connection with PROPOSER'S (or Sub-consultant, if any) performance or failure to perform, under the terms of this agreement; excepting those which arise out of the negligence of IVGID.

PROPOSER must either defend IVGID or upon determination that the work performed by PROPOSER was in any manner negligent or that PROPOSER failed to perform any duty set forth in this Agreement pay the entities' cost of defense for any claim, demand, action or cause of action.

If IVGID's personnel (attorneys, engineers or other professionals) are involved in defending such legal actions, PROPOSER shall also reimburse IVGID for the time spent by such personnel at the actual cost for such services.

In determining the nature of the claim against IVGID, the incident underlying the

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claim shall determine the nature of the claim, notwithstanding the form of the allegations against IVGID.

**GENERAL REQUIREMENTS**

IVGID requires that PROPOSER purchase Industrial Insurance, General and Auto Liability, and PROPOSER'S Errors and Omissions Liability Insurance as described below against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work here under by PROPOSER, its agents, representatives, employees or Sub-consultants. The cost of all such insurance shall be borne by PROPOSER.

**INDUSTRIAL INSURANCE**

It is understood and agreed that there shall be no Industrial Insurance coverage provided for PROPOSER or any Sub-consultant by IVGID. PROPOSER agrees, as a precondition to the performance of any work under this Agreement and as a precondition to any obligation IVGID to make any payment under this Agreement to provide IVGID with a certificate issued by an insurer in accordance with NRS 616B.627 and with a certificate of an insurer showing coverage pursuant to NRS 617.210.

If PROPOSER or Sub-consultant is a sole proprietor, coverage for the sole proprietor must be purchased and evidence of coverage must appear on the Certificate of Insurance. Such requirement may be waived for a sole proprietor who does not use the services of any employees, subcontractors, or independent contractors and completes an Affirmation of Compliance pursuant to NRS 616B627.

Should PROPOSER be self-funded for Industrial insurance, PROPOSER shall so notify IVGID in writing prior to the signing of any agreement. IVGID reserves the right to approve said retentions and may request additional documentation, financial or otherwise for review prior to the signing of any agreement.

**MINIMUM LIMITS OF INSURANCE**

PROPOSER shall maintain coverages and limits no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit shall be increased to equal twice the required occurrence limit or revised to apply separately to this project or location.

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES**

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. No aggregate limit may apply.
3. PROPOSER Errors and Omissions Liability: \$1,000,000 per occurrence and as an annual aggregate. Premium costs incurred to increase PROPOSER'S insurance levels to meet minimum contract limits shall be borne by the PROPOSER at no cost to the entities.

PROPOSER will maintain PROPOSER liability insurance during the term of this Agreement and for a period of three (3) years from the date of substantial completion of the project. In the event that PROPOSER goes out of business during the term of this Agreement or the three (3) year period described above, PROPOSER shall purchase Extended Reporting Coverage for claims arising out of PROPOSER'S negligent acts, errors and omissions committed during the term of the PROPOSER Liability Policy.

Should the entities and PROPOSER agree that higher PROPOSER Coverage limits are needed warranting a project policy, project coverage shall be purchased and the premium for limits exceeding the above amount shall be borne by IVGID. IVGID retain the option to purchase project insurance through PROPOSER'S insurer or its own source.

### **DEDUCTIBLES AND SELF-INSURED RETENTIONS**

Any deductibles or self-insured retentions must be declared to and approved by IVGID's Director of Finance prior to the start of work under this Agreement. IVGID reserves the right to request additional documentation, financial or otherwise prior to giving its approval of the deductibles and self-insured retention and prior to executing the underlying agreement. Any changes to the deductibles or self-insured retentions made during the term of this Agreement or during the term of any policy must be approved by the IVGID Risk Manager prior to the change taking effect.

### **OTHER INSURANCE PROVISIONS**

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability Coverages
  - a. The entities, their officers, agents, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of PROPOSER, including the insured's general



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

supervision of PROPOSER; products and completed operations of PROPOSER; or premises owned, occupied or used by PROPOSER. The coverage shall contain no special limitations on the scope of protection afforded to the additional insureds, nor shall the rights of the additional insured be affected by the insured's duties after an accident or loss.

- b. PROPOSER'S insurance coverage shall be primary insurance as respects the entities, their officers, agents, employees and volunteers. Any insurance or self-insurance maintained by IVGID officers, agents, employees or volunteers shall be excess of PROPOSER'S insurance and shall not contribute with it in any way.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to IVGID, their officers, agents, employees or volunteers.
- d. PROPOSER'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. PROPOSER'S insurance coverage shall be endorsed to state that coverage shall not be suspended, voided, canceled or non-renewed by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the entities except for nonpayment of premium.

### **ACCEPTABILITY OF INSURERS**

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII. IVGID, with the approval of the Director of Finance, may accept coverage with carriers having lower Best's ratings upon review of financial information concerning PROPOSER and insurance carrier. IVGID reserve the right to require that the PROPOSER'S insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

### **VERIFICATION OF COVERAGE**

PROPOSER shall furnish IVGID with certificates of insurance and with original endorsements affecting coverage required by this exhibit. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms approved by IVGID.

**All certificates and endorsements are to be addressed specifically to IVGID**

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

**Director of Finance and be received and approved by IVGID before work commences.**

IVGIDs reserve the right to require complete, certified copies of all required insurance policies, at any time.

**SUB-CONSULTANTS**

PROPOSER shall include all Sub-consultants as insured under its policies or furnish separate certificates and endorsements for each Sub-consultant. Sub-consultant shall be subject to all of the requirements stated herein.

**MISCELLANEOUS CONDITIONS**

1. PROPOSER shall be responsible for and remedy all damage or loss to any property, including property of IVGID, caused in whole or in part by PROPOSER, any Sub-consultant, or anyone employed, directed or supervised by PROPOSER.
2. Nothing herein contained shall be construed as limiting in any way the extent to which PROPOSER may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Sub-consultants under it.
3. In addition to any other remedies IVGID may have if PROPOSER fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, IVGID may, at its sole option:
  - a. Order PROPOSER to stop work under this Agreement and/or withhold any payments which become due PROPOSER here under until PROPOSER demonstrates compliance with the requirements hereof;
  - b. Purchase such insurance to cover any risk for which IVGID may be liable through the operations of PROPOSER under this Agreement if PROPOSER is unable to comply with the insurance requirements, and deduct or retain the amount of the premiums for such insurance from any sums due under the Agreement;
  - c. Terminate the Agreement.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

EXHIBIT B  
Certification Regarding Debarment, Suspension, and Other Responsibility  
Matters

The prospective proposer, \_\_\_\_\_ certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award.

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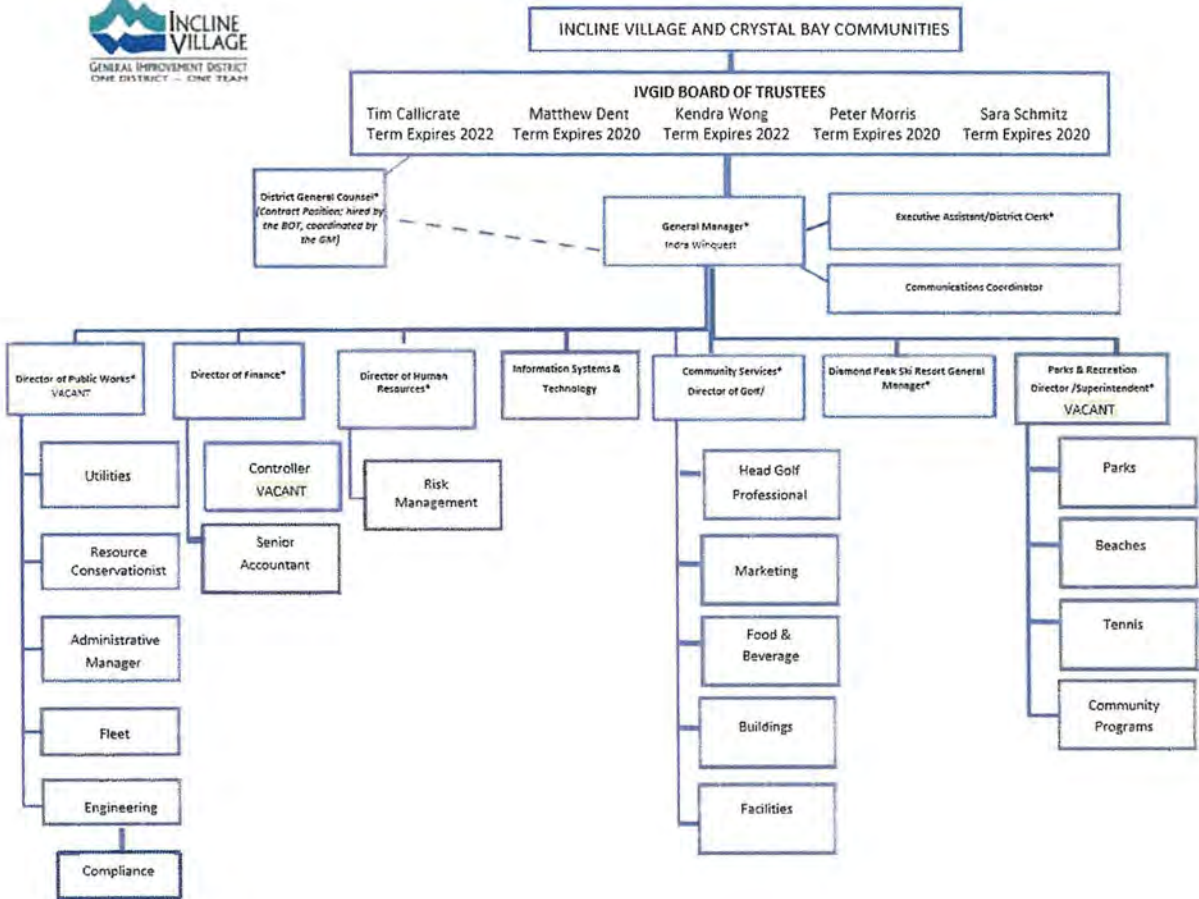
Typed Name & Title of Authorized Representative

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Signature of Authorized Representative      Date

I am unable to certify to the above statement. My explanation is attached.

Signature\_\_Date\_\_



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
 REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
 EXHIBIT C – Organizational Chart

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

EXHIBIT D – Sample Audit Schedule

YEAR-END AUDIT PLANNING CALENDAR - FY 2021 (July 1, 2020 to June 30, 2021)		
IVGID- PRELIMINARY		
* Tasks to be completed by: A-Auditors, O-Other		
Target Date	By:*	Task:
May 10, 2021	C	IVGID provides updated internal control documentation to Auditors
May 14	A	Audit planning meeting
June 21-25	A	Auditor walkthrough and risk assessments
July 2	C	Final payroll posts-9 days to be accrued
July 16	C	Planning Trial balance to Auditors
August 23	C	Ready for Audit: Debt (w/o other LT liabilities)*
August 23	C	<sup>1</sup> Ready for Audit: Cash and Investments
August 23	C	Ready for Audit: Govt'l Capital
August 23	C	Ready for Audit: Property Taxes
August 23	C	Ready for Audit: Internal Service Funds
Sept 6	C	Final Trial Bal to Auditors
Sept 6 to 10	A	Audit field work begins
Sept 20	C	All Major Funds ready for Audit:
Sept 24	C	All remaining Funds to Audit
Oct 4	C	Government Wide statements to Audit
Oct 7	A	Auditor progress meeting
Oct 7	C	All remaining notes and schedules to Audit
Oct 8	C	MD&A completed
Oct 8	C	Attorney confirmations due
Oct 12	C	DRAFT - CAFR and financial statements to Audit Committee
Oct 18	A	Audit field work complete
Oct 27	A	Audit comments due to IVGID Audit Committee/Prelim Exit Conference
Oct 29	A	Management response to Audit
Oct 29	A	Opinion Letter
Nov 3	C	CAFR to print
Nov 11	C	CAFR, financial statements - Agenda briefing
Nov 17	C	<b>Board of Trustees Meeting</b>

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

EXHIBIT E – Notification of Interest

[ACCOUNTING FIRM'S LETTERHEAD]

Mr. Paul Navazio, Director of Finance  
IVGID  
893 Southwood Blvd.  
Incline Village, NV 89451  
Attention: Audit Committee

NOTIFICATION OF INTEREST

Dear Mr. Navazio :

Our firm is interested in submitting a proposal to audit the [IVGID] financial statements for the fiscal year ending June 30, 2021 with the option of auditing IVGID's financial statements for the 5 subsequent fiscal years, as set forth in the Request for Proposal (RFP) #\_dated\_\_\_\_\_.

[SELECT ONE OF THE FOLLOWING PARAGRAPHS]

We plan to have [NUMBER] representatives attend a pre-proposal conference for firms interested in submitting proposals. The pre-proposal conference will be held on November 17, 2021.

-OR-

We will be unable to send representatives to the pre-proposal conference, but we are interested in receiving further correspondence concerning inquiries made or other items discussed at that conference.

Yours very truly, [AUDIT FIRM]

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES

EXHIBIT F – Schedule of Professional Fees and Expenses

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF  
THE [YEAR] FINANCIAL STATEMENTS

Standard	Quoted	
Hourly	Hourly	
Hours	Rates	Rates Total

Partners Managers Supervisory Staff  
Other (specify): Subtotal  
Out-of-pocket expenses:

Meals and lodging Transportation Other (specify):  
Total all-inclusive maximum price for [YEAR], audit

\_\_\_\_\_

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

## D.2. – Redlined Version - RFP for Independent Audit Services



REQUEST FOR PROPOSAL  
FOR  
INDEPENDENT AUDIT SERVICES



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
IVGID Audit Committee  
893 Southwood Boulevard  
Incline Village, Nevada 89451

*Release Date: November 9, 2020*  
By: Paul Navazio, Director of Finance, Paul Navazio

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The Incline Village General Improvement District (IVGID) is hereby requesting proposals from qualified professional firms to provide auditing services pertaining to the financial records of the District.

Qualified firms or individuals should submit five copies of a sealed proposal or email meeting the terms of this RFP, no later than:

**Wednesday, December 16, 2020**  
**3:00 PM**

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To: Paul Navazio, Director of Finance  
IVGID  
893 Southwood Boulevard  
Incline Village, NV 89451  
Email: [AuditServicesProposal@ivgid.org](mailto:AuditServicesProposal@ivgid.org)

Proposals should be clearly marked on the outside:

**"Independent Audit Services Proposal"**

Submittal of responses before \_\_\_\_\_ at 4:00 PM is encouraged. Questions pertaining to this RFP should be directed to: Paul Navazio, Director of Finance, e-mail: [pcn@ivgid.org](mailto:pcn@ivgid.org); phone: (775) 832-1365 I do not know what this is in reference to. It should come out.

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This selection will be made without regard to race, religion, creed, color, sex, sexual orientation, or national origin.

Matthew Dent

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
Page 2 of 35

Trustee and Chair Audit Committee  
Incline Village General Improvement District  
November 9, 2020

This RFP contains 35 pages.

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Realign pages - Last page state 36 of 35 so I assume the cover page may not be included.

~~Sealed proposals shall be accepted until 3:00 p.m. PST on December 16, 2020~~

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  - B. Term of Engagement .....
  - C. Scope of Work to be Performed .....
  - D. Auditing Standards to be Followed .....
  - E. Reports to be Issued .....
  - F. Special Considerations .....
  - G. Working Paper Retention and Access to Working Papers .....
  
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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
~~Page 2 of 35~~

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B	Certification Regarding Debarment, Suspension, and Other Responsibility Matters .....
C	Organizational Chart .....
D	Audit Schedule .....
E	Notification of Interest.....
F	Schedule of Professional Fees and Expenses .....

**I. INTRODUCTION AND NATURE OF SERVICES REQUIRED**

**A. General Information**

The IVGID Audit Committee is currently requesting written proposals to establish a list of qualified firms of certified public accountants with expertise in one or multiple fields of auditing in this RFP. IVGID then intends to negotiate the award of a contract with qualified proposers within their respective expertise to audit the financial statements of IVGID on behalf of the IVGID Board of Trustees.

The audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards, issued by the Comptroller General of the United States, as well as the applicable provisions of NRS 354.624.

There is no expressed or implied obligation for IVGID to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

**B. Term of Engagement**

A five-year contract is contemplated for the fiscal years ending June 30, 2021 through June 30, 2025, subject to the review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to IVGID and the selected firm. The firm will be required to have a member supervising the staff rotating every two years and audit engagement partners rotating at least every three years.

**C. Scope of Work to be Performed**

IVGID desire the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

IVGID also desire the auditor to express an opinion on the fair presentation of its individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the

supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the Comprehensive Annual Financial Report (CAFR).

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information as mandated by generally accepted auditing standards.

**D. Auditing Standards to be Followed**

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's Government Auditing Standards, issued by the Comptroller General of the United States, as well as the applicable provisions of NRS 354.624.

**E. Reports to be Issued**

Following the completion of the audits of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the Basic financial statements in conformity with generally accepted accounting principles.
2. A report on compliance and internal control over financial reporting based on an audit of financial statements.
3. A report on compliance with the applicable provisions of NRS 354 or other Nevada Revised Statutes or Nevada Administrative Code requiring such disclosure.

In the required report[s] on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness shall be defined as a significant deficiency or combination of significant deficiencies, that results in more than a remote



likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material weaknesses shall be identified as such in the report. In addition, the following conditions shall be reported:

Auditor's comments on:

1. Statutory Compliance
2. Progress on Prior Year Statute Compliance
3. Prior Year Recommendations
4. Current Year Recommendations
5. Nevada Revised Statute 354
6. Any other reports/reviews required by statute or regulations

Control deficiencies discovered by the auditors that are neither significant deficiencies nor material weaknesses shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls. A control deficiency shall be deemed to have occurred whenever the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

Irregularities and illegal acts - Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: IVGID General Manager, Audit Committee, Board of Trustees, and Director of Finance.

Reporting to the Audit Committee – Auditors shall assure themselves that the IVGID Audit Committee are informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Auditor's judgments about the quality of the entity's accounting

principles

6. Other information in documents containing audited financial statements
7. Disagreements with management
8. Management consultation with other accountants
9. Major issues discussed with management prior to retention
10. Difficulties encountered in performing the audit

**F. Special Considerations**

IVGID will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will not be required to provide special assistance to IVGID to meet the requirements of that program.

A list of findings and other weaknesses from IVGID's most recent financial statement audit, conducted during the most recent fiscal period to be audited can be made available upon request.

**G. Working Paper Retention and Access to Working Papers**

All working papers must be retained, at the auditor's expense, for a minimum of three (3) years from the completion date of the audit, unless the firm is notified in writing by IVGID of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. IVGID Board of Trustees, Audit Committee, IVGID General Manager, IVGID Director of Finance
2. U.S. Government Accountability Office (GAO)
3. Parties designated by the federal or state governments as part of an audit quality review process
4. Auditors of entities of which the entities are a sub recipient of grant funds

In addition, the firm(s) shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**II. DESCRIPTION OF IVGID**

**A. Incline Village General Improvement District ("IVGID")**

**General:** IVGID is a general improvement district formed in accordance with Nevada Revised Statute Chapter 318 of the State of Nevada and is governed by a 5-member Board of Trustees. IVGID's fiscal year begins on July 1 and ends on June 30.

**Fund Structure:** IVGID provides general government services, and has basic powers granted by the County of Washoe, Nevada to furnish sanitary facilities for sewerage, facilities for water, recreational facilities and facilities for the collection and disposal of garbage and refuse. IVGID has the following fund types and number of individual funds in its financial reporting as of June 30, ~~2019~~2020). The number of funds is subject to change as the structure of IVGID changes. This may not be true depending on Moss Adams.

- One (1) General Fund
- Two (2) Special Revenue Funds
- Two (2) Debt Service Funds
- Two (2) Capital Projects Fund
- One (1) Enterprise Fund
- One (1) Internal Services Fund

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**Budgetary Basis of Accounting:** IVGID prepares its budget on a basis consistent with generally accepted accounting principles.

~~**MUST BE UPDATED BY IVGID STAFF**~~

**Computer Systems:** IVGID's primary financial software system is Innoprise (a Harris Solutions platform)SAP. IVGID has used Innoprise SAP since 2014. Innoprise September 2003. SAP modules are utilized for the following functional and process areas:

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1. General ledger and financial accounting
2. Cost accounting including grants and capital projects
3. Fixed assets
4. Materials management including purchasing, encumbrance accounting, and physical inventory
5. Accounts payable
6. Billing and accounts receivable
7. Human resources
8. Payroll
9. Employee self-service including working time entry, payroll and

- health benefits data changes
- 10. Budget
- 11. Treasurer's electronic banking and petty cash
- ~~12. Utility billing~~
- ~~13. Governance, risk and compliance module for maintaining user access controls~~
- ~~14. 12. Workflow/online approvals~~

The ~~SAP Innoprise~~ system uses both online real-time entry and batch processing. System security, backups, installation of backups, and maintenance are provided by the ~~Innoprise / Harris with support from the District's Information Technology staff, unty's Technology Services Department.~~ There ~~District is at the early stages of transitioning to a new financial system (Tyler Munis) over the course of FY2020/21 and FY2021/22~~ are ~~no current plans to change financial software. Is this a correct statement?~~

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In addition to the primary financial system, several departments use various other software providers for their operations. ~~These include various third-party Point-of-Sale systems used by the District's recreational venues as well as utility billings functions.~~ Data generated by such software includes information that may be interfaced with the primary accounting system pertaining to revenues, cash receipts and accounts receivable.

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**Availability of Prior Reports and Working Papers:** Interested proposers who wish to review prior years' audit reports and management letters should contact the IVGID Audit Committee. IVGID will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals. Comprehensive Annual Financial Reports can also be located at IVGID.

**III. TIME REQUIREMENTS**

**A. Proposal Calendar**

The following is a list of key dates for the proposals: ~~DATES TO BE DETERMINED~~

<u>Event</u>	<u>Date</u>
Distribution of RFP .....	November 9, 2020
Pre-Proposal Conference .....	November 16, 2020
Deadline for Submitting Questions.....	November 20, 2020 <del>(5-</del>

Responses to Questions.....	<del>p.m. PDT</del> November 30, 2020 ( <del>on</del> <del>or about</del> )
<b>Proposal Closing .....</b>	<b>December 16, 2020</b> <b>(3:00pm PDT)</b>
Public RFP Opening .....	December 18, 2020
Evaluation <u>Periods Completed</u> .....	<u>Dec. 21 – Jan. 8,</u> <u>2021</u> <u>January 15, 2021</u>
<u>Award Recommendation to award</u> (agreement by Audit Committee).....	January 31, 2021
Award by the IVGID Board of Trustees .....	February, 2021
Implementation of Contract.....	<u>by March 1, 2021</u>

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**B. Scheduling the Audit**

IVGID will have all records ready for audit and all management personnel available to meet with the firm's personnel in accordance with the attached sample schedule (EXHIBIT D) for the fiscal year ending June 30, 2021. A similar time schedule will be developed for audits for future fiscal years.

Each of the following should be completed by the auditors no later than the dates indicated:

1. Interim work shall be completed by June 30<sup>th</sup>.
2. The auditor shall provide by July 1 a detailed audit plan and a list of all schedules to be prepared if not included on the attached sample schedule (EXHIBIT D).
3. The auditor shall complete all field work by the second Wednesday in October.
4. The auditor(s) shall have drafts of the audit report[s] and recommendations to management available for review on or before October 23.

**C. Entrance Conferences, Progress Reporting and Exit Conferences**

At a minimum the following conferences are to be held on or before the dates indicated below:

1. Entrance conference with all key finance department personnel and department heads of key offices or programs shall be held no later than the last business day in May. The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed

if not previously communicated. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.

2. Progress conference with key finance department personnel shall be held no later than the third Wednesday in September.
3. Exit conference with key finance department personnel shall be held no later than the fourth Wednesday in October.

**D. Date Final Report Due**

For the IVGID audit, the IVGID Director of Finance, or appropriate financial staff, shall prepare draft financial statements, notes and all required supplementary schedules no later than the first Friday in October. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Director of Finance by the third Friday in October. Once all issues for discussion are resolved, the final financial reports shall be completed by the Director of Finance and the final auditor's report(s) shall be delivered to the Audit Committee by October 23.

**IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

**A. Director of Finance and Clerical Assistance**

The IVGID finance staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the Comptroller Finance Department. ~~In addition, clerical support will be made available to the auditor for the preparation of routine letters and memoranda.~~

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**B. Technology Services Assistance**

IVGID's Information Technology Department personnel will be available to provide systems documentation and explanations. The auditor will be provided ~~access to computer time and the use of~~ IVGID's hardware and software, as requested. Additionally, IVGID will provide the auditor with reasonable work space and access to photocopiers and FAX machines.

**C. Statements and Schedules Preparation**

The staff of the IVGID Finance Department, will prepare statements and

schedules for the auditors based on the ~~agreed-audit schedule, provided in (EXHIBIT D). A similar time schedule will be developed for audits for future fiscal years.~~ I DO NOT AGREE WITH THIS STRIKE OUT. DEADLINES ARE DEADLINES

#### D. Report Preparation, Editing and Printing

Financial report preparation, editing and printing shall be the responsibility of the IVGID Finance Department. The auditors will be responsible for the preparation and editing of the auditors' reports and opinions and for coordinating with the Finance Department for insertion into the financial reports.

#### V. PROPOSAL REQUIREMENTS

##### A. General Requirements

1. **Pre-proposal Conference:** A conference for firms interested in submitting proposals will be held at ~~2:00 p.m. on October 15, 2018~~ November 16, 2020, at the IVGID Administration Offices, ~~or via teleconference, as appropriate.~~ Both verbal and written questions will be accepted during the conference. Minutes of the pre-proposal conference will be made available to those requesting such. At the pre-proposal conference representatives of IVGID will be available to discuss their operations for interested proposers.
2. **Inquiries:** In order to ensure fair and objective evaluation, all questions related to this RFP shall be addressed directly to the IVGID's Director of Finance, Paul Navazio. Contact with any other IVGID employees after the RFP's official release date is strictly prohibited. Proposers who directly contact IVGID employees risk elimination of their proposal from further consideration. Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Paul Navazio,-  
\_Director of Finance  
IVGID  
893 Southwood Boulevard  
Incline Village, NV 89451  
Email: [pcn@IVGID.org](mailto:pcn@IVGID.org)  
Phone: (775)832-1365

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Deadline for the submission of questions regarding the RFP is November 20, 2020.

The IVGID Director of Finance shall perform all matters relevant to this Request for Proposal, acknowledgment, and evaluation, in conjunction with members that include the IVGID Audit Committee, the General Manager, and other IVGID representatives as may be deemed appropriate.

3. **Submission of Proposals:** The following material is required to be received by 3:00 PM PST on December 16, 2020 for a proposing firm(s) to be considered.

- a. An original (so marked) of the Technical Proposal and six (6) copies to include the following:
  - i. Title Page showing the request for proposals subject: the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
  - ii. Table of Contents
  - iii. A signed Transmittal Letter briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the fiscal year ending June 30, 2021.
  - iv. A Detailed Proposal should follow the order set forth in the Technical Proposal in **Section V-B** of this request for proposal.
  - v. Executed copy of the Certification Regarding Debarment, Suspension, and Other Responsibility Matters, attached to this request for proposal (**EXHIBIT B**).

b. The proposer(s) shall submit an original and six (6) copies of a fixed cost bid as set forth in the Bid Section of this Request for Proposal.

~~b.~~  
c. Proposers should send the completed proposal to the following address:

Paul Navazio, Director of Finance  
Incline Village General Improvement District

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INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
Page 2 of 36

893 Southwood Boulevard  
Incline Village, NV 89451

Attention: IVGID Audit Committee

IVGID assumes no responsibility for errant delivery of proposals relegated to a courier agent who fails to deliver in accordance with the specified time and receiving point. Late, incomplete or unsigned proposals shall receive no consideration.

Proposals may be withdrawn at any time up until the opening and acknowledgment upon written notice to the IVGID Director of Finance. Withdrawal requests received after the time set for opening and acknowledging shall not be considered.

The contents of the proposal and any clarifications thereto submitted by the successful proposer(s) and accepted by IVGID shall become part of the contractual obligation and incorporated by reference into the ensuing Agreement(s). The final Agreement(s) shall incorporate the RFP and attachments and exhibits thereto, proposer's response(s), and any negotiated points of Agreement(s) between the parties.

All proposals shall become the property of IVGID and shall not be returned to the proposers.

All proposals shall become public records under the laws of the State of Nevada, and the public shall be given access thereto. All responses submitted by proposers shall be deemed confidential during the evaluation process. Proposals will not be available for review by anyone other than the District Staff, Audit Committee or its designated agents during the selection process. Information deemed Proprietary by Respondent must be clearly labeled as such using red ink.

Any and all costs incurred by the proposers in the preparation and delivery of their proposal(s), or subsequent negotiation of the resulting Agreement(s), shall be borne entirely by the proposer.

**B. Technical Proposal**

1. **General Requirements:** The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake independent audits of IVGID, in conformity with the requirements of this request for proposal. As such, the substance

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of the proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to these engagements. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposal (excluding any cost information which should only be included in the dollar cost bid(s)). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following ~~subjects, items numbered Nos. 2 through 10~~, must be included. They represent the criteria against which the proposal will be evaluated.

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2. **Independence:** Firms should provide an affirmative statement that they are independent of IVGID, as defined by generally accepted auditing standards.

Firms should also list and describe their professional relationships involving IVGID for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give IVGID written notice of any professional relationships entered into during the period of this agreement.

3. **License to Practice in Nevada:** An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Nevada.
4. **Firm Qualifications and Experience:** The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

Any proposer that is a joint venture or consortium shall separately identify the qualifications of each firm comprising the joint venture or consortium and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. ***Partner, Supervisory and Staff Qualifications and Experience:*** Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagements. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Nevada. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which staff to be assigned to the audit reflect IVGID's commitment to Affirmative Action.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of IVGID. However, in either case, IVGID retain the right

to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of IVGID, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. **Prior Engagements with IVGID:** List separately all engagements within the last five years, ranked on the basis of total staff hours, for IVGID by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.
7. **Similar Engagements with Other Government Entities:** For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.
8. **Specific Audit Approach:** The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as IVGID budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a) Proposed segmentation of the engagements
- b) Level of staff and number of hours to be assigned to each proposed segment of the engagement submitting a proposal for

- (no dollars should be included in the technical proposal)
  - c) Sample size and the extent to which statistical sampling is to be used in the engagement
  - d) Extent of use of EDP software in the engagement
  - e) Type and extent of analytical procedures to be used in the engagement
  - f) Approach to be taken to gain and document an understanding of the entities' internal control structure
  - g) Approach to be taken in determining laws and regulations that will be subject to audit test work
  - h) Approach to be taken in drawing audit samples for purposes of tests of compliance
9. **Identification of Anticipated Potential Audit Problems:** Proposals should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from IVGID.
10. **Report Format:** Proposals should include sample formats for required reports.
11. **Exceptions:** Proposals shall include any exceptions to the terms, conditions, and requirements as specified in the RFP. Failure to note exceptions in the proposal response shall indicate that the proposer will agree to perform as specified if they are awarded the contract.

**C. Fixed Cost Bid**

1. **Total Maximum Price:** The fixed cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

IVGID will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

The first page of the dollar cost bid should include the following information:

- a) Name of firm

- b) Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract.
  - c) A Total Maximum Price for the fiscal year ending June 30, 2021 engagement
  - d) A Proposed Total Maximum Price for subsequent renewal years.
2. **Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each:** The second page of the dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (EXHIBIT F) that supports the total maximum price per entity.
  3. **Out-of-pocket Expenses Included in the Total Maximum Price and Reimbursement Rates:** Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by IVGID for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the dollar cost bid in the format provided in the attachment (EXHIBIT F). All expense reimbursements will be charged against the total maximum price submitted by the firm. In addition, a statement must be included in the dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing IVGID rates for its employees (GSA rates for IVGID).
  4. **Rates for Additional Professional Services:** If it should become necessary for IVGID to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between IVGID and the firm. Any such additional work agreed to between IVGID and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.
  5. **Manner of Payment:** Progress payments may be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

## VI. EVALUATION PROCEDURES

### A. Review of Proposals

~~The District's An~~ evaluation team will use a point formula during the review process to score proposals for IVGID. Each ~~evaluator member of the evaluation team~~ will first score each technical proposal by each of the criteria described in Section VI-B below. The full evaluation team will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

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After the composite technical score for each firm has been established, the dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. ~~The maximum score for price will be assigned to the firm(s) offering the lowest total maximum price. Appropriate fractional scores may be assigned to other proposers.~~

IVGID reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

### B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements:
  - a) The audit firm is independent and licensed to practice in Nevada.
  - b) The firm has no conflict of interest with regard to any other work performed by the firm for IVGID.
  - c) The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal(s).
  - d) The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
2. Technical Quality:

- a) Expertise and Experience
  - (1) The firm's past experience and performance on comparable government engagements.
  - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- b) Audit Approach
  - (1) Adequacy of proposed staffing plan for various segments of the engagement.
  - (2) Adequacy of sampling techniques.
  - (3) Adequacy of analytical procedures.

3. Fixed Price

**COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.**

**C. Audit Committee**

Proposals, evaluations and recommendations will be ~~presented to IVGID's Audit Committee submitted to members of the Audit Committee of IVGID~~ for their review and approval. A list of the members of the Audit Committee will be provided to proposers upon request.

**D. Oral Presentations**

During the recommendation review process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

**E. Final Selection**

IVGID will select a firm based upon the recommendation of the Audit Committee. It is anticipated that a firm will be selected in January 2021. Following notification of the firm(s) selected, and approval by the Board of



Trustees of IVGID it is expected a contract(s) will be executed between relevant parties by March 1, 2021~~not later than February 28, 2021~~.

**F. Right to Reject Proposals**

Submission of any proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between IVGID and the firm selected. IVGID reserves the right without prejudice to reject any or all proposals.

**G. Anti-collusion**

The submittal of a proposal constitutes agreement that the proposer has not divulged its proposal to other proposers, nor has colluded with any other proposers or parties to any other proposal.

**VII. AWARD OF AGREEMENT**

Recommendation for award shall be made totally on the basis of the proposal(s) deemed most advantageous to IVGID. In all instances the decisions rendered by the IVGID's Board of Trustees, shall be final. IVGID shall reserve the right to accept or reject any or all proposals; to negotiate any portion of the proposal responses; to waive any found informalities in the proposals; and to hold all proposals for a maximum of one hundred twenty (120) days from the opening date before final action to accept or reject any proposal.

Unless proposals shall specifically state to the contrary, IVGID shall reserve the right and privilege to sever any portion of any proposal.

Successful proposer[s] shall not commence performance against any resulting award of this request for proposal until such time as they receive a purchase order from IVGID engaging the successful proposers' audit services.

**VIII. FAILURE TO PERFORM**

The services rendered under the resulting agreement shall be critical to the mandated responsibilities of IVGID. Therefore, the successful proposer shall, upon satisfactory notification, reimburse IVGID for all expenses incurred by them in providing services that are the responsibility of the successful proposer. Such expenses shall be reduced from any current or future amounts due and payable to the successful proposer.

In the event the resulting agreement is terminated prior to its expiration, all finished or unfinished documents, studies, correspondence, reports and other products prepared by or for the successful proposer under the resulting agreement shall become the exclusive property of IVGID. Notwithstanding the above, the successful proposer shall not be relieved of liability to IVGID for damage sustained by them by virtue of any breach of any resulting agreement by the successful proposer.

#### **IX. DEFAULT OF AGREEMENT**

In the event of default by a successful proposer, IVGID may procure the required services from other sources and hold the successful proposer liable for any cost excess beyond the cost anticipated in the original Agreement. In addition, IVGID may seize the performance bond, if applicable, and pursue any or all other legal remedies against the defaulting firm.

#### **X. APPEAL BY UNSUCCESSFUL PROPOSER**

Any unsuccessful proposer may appeal a pending RFP award prior to award by IVGID. The appellant must:

Submit a written protest to the Audit Committee not less than seven days prior to the award hearing date.

Describe, in the written protest, the issues to be addressed on appeal.

Post, with the written protest, a bond with good and solvent surety authorized to do business in this state or submit other security in a form approved by IVGID, who will hold the bond or other security until a determination is made on the appeal.

Post the bond or other security in the amount of 25% of the total dollar value of appellant's bid, up to a maximum bond or other security amount of \$250,000.

Not seek any type of judicial intervention until IVGID has rendered its final decision on the protest.

IVGID will stay any award actions until after the Audit Committee has responded in writing to the protest. If the appellant is not satisfied with the response, appellant may then protest to the IVGID Board of Trustees, who will render a final decision.

No bid protests will be heard by the Board of Trustees unless the bidder has

followed the appeal process.

If an appeal is granted, the full amount of the posted bond will be returned to the appellant. If the appeal is denied or not upheld, a claim may be made against the bond for expenses suffered by the IVGID because of the unsuccessful appeal.

IVGID is not liable for any costs, expenses, attorney's fees, loss of income or other damages sustained by the appellant in a bid process.

#### **XI. OPEN MEETING LAW**

NRS 241 provides that public business shall be conducted in an open meeting.

**EXHIBIT A – Insurance, hold harmless and indemnification requirements  
for the independent audit services**

**INDEMNIFICATION**

PROPOSER Liability

As respects acts, errors or omissions in the performance of PROPOSER services, PROPOSER agrees to indemnify and hold harmless Incline Village General Improvement District ("IVGID") and their officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, liability or consequential damages of any kind or nature arising directly out of PROPOSER'S negligent acts, errors or omissions in the performance of its PROPOSER services under the terms of this agreement.

PROPOSER further agrees to defend IVGID and assume all costs, expenses and liabilities of any nature to which IVGID may be subjected as a result of any claim, demand, action or cause of action arising out of the negligent acts, errors or omissions of PROPOSER or its Sub-consultant in the performance of their PROPOSER services under the Agreement.

General Liability

As respects all acts or omissions which do not arise directly out of the performance of PROPOSER services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, PROPOSER agrees to indemnify, defend (at the entities option), and hold harmless IVGID their officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, liability, or consequential damages of any kind or nature arising out of or in connection with PROPOSER'S (or Sub-consultant, if any) performance or failure to perform, under the terms of this agreement; excepting those which arise out of the negligence of IVGID.

PROPOSER must either defend IVGID or upon determination that the work performed by PROPOSER was in any manner negligent or that PROPOSER failed to perform any duty set forth in this Agreement pay the entities' cost of defense for any claim, demand, action or cause of action.

If IVGID's personnel (attorneys, engineers or other professionals) are involved in defending such legal actions, PROPOSER shall also reimburse IVGID for the time spent by such personnel at the actual cost for such services.

In determining the nature of the claim against IVGID, the incident underlying the claim shall determine the nature of the claim, notwithstanding the form of the allegations against IVGID.

## **GENERAL REQUIREMENTS**

IVGID requires that PROPOSER purchase Industrial Insurance, General and Auto Liability, and PROPOSER'S Errors and Omissions Liability Insurance as described below against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work here under by PROPOSER, its agents, representatives, employees or Sub-consultants. The cost of all such insurance shall be borne by PROPOSER.

## **INDUSTRIAL INSURANCE**

It is understood and agreed that there shall be no Industrial Insurance coverage provided for PROPOSER or any Sub-consultant by IVGID. PROPOSER agrees, as a precondition to the performance of any work under this Agreement and as a precondition to any obligation IVGID to make any payment under this Agreement to provide IVGID with a certificate issued by an insurer in accordance with NRS 616B.627 and with a certificate of an insurer showing coverage pursuant to NRS 617.210.

If PROPOSER or Sub-consultant is a sole proprietor, coverage for the sole proprietor must be purchased and evidence of coverage must appear on the Certificate of Insurance. Such requirement may be waived for a sole proprietor who does not use the services of any employees, subcontractors, or independent contractors and completes an Affirmation of Compliance pursuant to NRS 616B627.

Should PROPOSER be self-funded for Industrial insurance, PROPOSER shall so notify IVGID in writing prior to the signing of any agreement. IVGID reserves the right to approve said retentions and may request additional documentation, financial or otherwise for review prior to the signing of any agreement.

## **MINIMUM LIMITS OF INSURANCE**

PROPOSER shall maintain coverages and limits no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general

aggregate limit shall be increased to equal twice the required occurrence limit or revised to apply separately to this project or location.

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. No aggregate limit may apply.
3. PROPOSER Errors and Omissions Liability: \$1,000,000 per occurrence and as an annual aggregate. Premium costs incurred to increase PROPOSER'S insurance levels to meet minimum contract limits shall be borne by the PROPOSER at no cost to the entities.

PROPOSER will maintain PROPOSER liability insurance during the term of this Agreement and for a period of three (3) years from the date of substantial completion of the project. In the event that PROPOSER goes out of business during the term of this Agreement or the three (3) year period described above, PROPOSER shall purchase Extended Reporting Coverage for claims arising out of PROPOSER'S negligent acts, errors and omissions committed during the term of the PROPOSER Liability Policy.

Should the entities and PROPOSER agree that higher PROPOSER Coverage limits are needed warranting a project policy, project coverage shall be purchased and the premium for limits exceeding the above amount shall be borne by IVGID. IVGID retain the option to purchase project insurance through PROPOSER'S insurer or its own source.

#### **DEDUCTIBLES AND SELF-INSURED RETENTIONS**

Any deductibles or self-insured retentions must be declared to and approved by IVGID's Director of Finance prior to the start of work under this Agreement. IVGID reserves the right to request additional documentation, financial or otherwise prior to giving its approval of the deductibles and self-insured retention and prior to executing the underlying agreement. Any changes to the deductibles or self-insured retentions made during the term of this Agreement or during the term of any policy must be approved by the IVGID Risk Manager prior to the change taking effect.

#### **OTHER INSURANCE PROVISIONS**

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability Coverages

- a. The entities, their officers, agents, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of PROPOSER, including the insured's general supervision of PROPOSER; products and completed operations of PROPOSER; or premises owned, occupied or used by PROPOSER. The coverage shall contain no special limitations on the scope of protection afforded to the additional insureds, nor shall the rights of the additional insured be affected by the insured's duties after an accident or loss.
- b. PROPOSER'S insurance coverage shall be primary insurance as respects the entities, their officers, agents, employees and volunteers. Any insurance or self-insurance maintained by IVGID officers, agents, employees or volunteers shall be excess of PROPOSER'S insurance and shall not contribute with it in any way.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to IVGID, their officers, agents, employees or volunteers.
- d. PROPOSER'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. PROPOSER'S insurance coverage shall be endorsed to state that coverage shall not be suspended, voided, canceled or non-renewed by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the entities except for nonpayment of premium.

#### **ACCEPTABILITY OF INSURERS**

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII. IVGID, with the approval of the Director of Finance, may accept coverage with carriers having lower Best's ratings upon review of financial information concerning PROPOSER and insurance carrier. IVGID reserve the right to require that the PROPOSER'S insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

#### **VERIFICATION OF COVERAGE**

PROPOSER shall furnish IVGID with certificates of insurance and with original endorsements affecting coverage required by this exhibit. The certificates and endorsements for each insurance policy are to be signed by a person authorized

by that insurer to bind coverage on its behalf. The certificates are to be on forms approved by IVGID.

**All certificates and endorsements are to be addressed specifically to IVGID Director of Finance and be received and approved by IVGID before work commences.**

IVGIDs reserve the right to require complete, certified copies of all required insurance policies, at any time.

#### **SUB-CONSULTANTS**

PROPOSER shall include all Sub-consultants as insured under its policies or furnish separate certificates and endorsements for each Sub-consultant. Sub-consultant shall be subject to all of the requirements stated herein.

#### **MISCELLANEOUS CONDITIONS**

1. PROPOSER shall be responsible for and remedy all damage or loss to any property, including property of IVGID, caused in whole or in part by PROPOSER, any Sub-consultant, or anyone employed, directed or supervised by PROPOSER.
2. Nothing herein contained shall be construed as limiting in any way the extent to which PROPOSER may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Sub-consultants under it.
3. In addition to any other remedies IVGID may have if PROPOSER fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, IVGID may, at its sole option:
  - a. Order PROPOSER to stop work under this Agreement and/or withhold any payments which become due PROPOSER here under until PROPOSER demonstrates compliance with the requirements hereof;
  - b. Purchase such insurance to cover any risk for which IVGID may be liable through the operations of PROPOSER under this Agreement if PROPOSER is unable to comply with the insurance requirements, and deduct or retain the amount of the premiums for such insurance from any sums due under the Agreement;



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
~~Page 2 of 35~~

- c. Terminate the Agreement.

EXHIBIT B  
Certification Regarding Debarment, Suspension, and Other Responsibility  
Matters

The prospective proposer, \_\_\_\_\_ certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award.

---

Typed Name & Title of Authorized Representative

---

Signature of Authorized Representative      Date

I am unable to certify to the above statement. My explanation is attached.

Signature\_\_Date\_\_

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
*Page 2 of 35*

NEED UPDATE

EXHIBIT C – Organizational Chart

WHERE IS THIS \_\_\_\_\_

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT ("IVGID")  
 REQUEST FOR PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
 Page 2 of 26

EXHIBIT D EXHIBIT D - Sample Audit Schedule

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YEAR-END AUDIT PLANNING CALENDAR - FY 2021 (July 1, 2020 to June 30, 2021)

**IVGID- PRELIMINARY**

\* Tasks to be completed by: A-Auditors, O-Other

Target Date	By:*	Task:
May 10, 2021	C	IVGID provides updated internal control documentation to Auditors
May 14	A	Audit planning meeting
June 21-25	A	Auditor walkthrough and risk assessments
July 2	C	Final payroll posts-9 days to be accrued
July 16	C	Planning Trial balance to Auditors
August 23	C	Ready for Audit: Debt (w/o other LT liabilities)*
August 23	C	Ready for Audit: Cash and Investments
August 23	C	Ready for Audit: Gov't Capital
August 23	C	Ready for Audit: Property Taxes
August 23	C	Ready for Audit: Internal Service Funds
Sept 6	C	Final Trial Bal to Auditors
Sept 6 to 10	A	Audit field work begins
Sept 20	C	All Major Funds ready for Audit:
Sept 24	C	All remaining Funds to Audit
Oct 4	C	Government Wide statements to Audit
Oct 7	A	Auditor progress meeting
Oct 7	C	All remaining notes and schedules to Audit
Oct 8	C	MD&A completed
Oct 8	C	Attorney confirmations due
Oct 12	C	DRAFT - CAFR and financial statements to Audit Committee
Oct 18	A	Audit field work complete
Oct 27	A	Audit comments due to IVGID Audit Committee/Prelim Exit Conference
Oct 29	A	Management response to Audit
Oct 29	A	Opinion Letter
Nov 3	C	CAFR to print
Nov 11	C	CAFR, financial statements - Agenda briefing
Nov 17	C	<b>Board of Trustees Meeting</b>

EXHIBIT E – Notification of Interest

[ACCOUNTING FIRM'S LETTERHEAD]

Mr. Paul Navazio, Director of Finance  
IVGID  
893 Southwood Blvd.  
Incline Village, NV 89451  
Attention: Audit Committee[NAME OF OFFICIAL] AUDIT COMMITTEE  
[ADDRESS]

NOTIFICATION OF INTEREST

Dear Mrs. Navazio Mann:

Our firm is interested in submitting a proposal to audit the [IVGID] financial statements for the fiscal year ending June 30, 2021 with the option of auditing IVGID's financial statements for the 5 subsequent fiscal years, as set forth in the Request for Proposal (RFP) #\_dated\_\_\_\_\_.

[SELECT ONE OF THE FOLLOWING PARAGRAPHS]

We plan to have [NUMBER] representatives attend a pre-proposal conference for firms interested in submitting proposals. The pre-proposal conference will be held on November 16, 2021[DATE], ~~in your office.~~

-OR-

We will be unable to send representatives to the pre-proposal conference, but we are interested in receiving further correspondence concerning inquiries made or other items discussed at that conference.

Yours very truly, [AUDIT FIRM]

EXHIBIT F – Schedule of Professional Fees and Expenses

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF  
THE [YEAR] FINANCIAL STATEMENTS

Standard Quoted  
Hourly Hourly  
Hours Rates Rates Total

Partners Managers Supervisory Staff  
Other (specify): Subtotal  
Out-of-pocket expenses:

Meals and lodging Transportation Other (specify):  
Total all-inclusive maximum price for [YEAR], audit

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

**MEMORANDUM**

**TO:** Audit Committee

**FROM:** Matthew Dent  
Audit Committee Chairman

Derrek Aaron  
Audit Committee Member at Large

**SUBJECT:** General Business Item D.3. - Verbal update to the Audit Committee on District's Internal Controls and Staffing (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent - Updating Staff Member – Director of Finance Paul Navazio)

**DATE:** November 16, 2020

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Verbal update to the Audit Committee on District's Internal Controls and Staffing by Director of Finance Paul Navazio.

## MEMORANDUM

**TO:** Audit Committee

**FROM:** Paul Navazio  
Director of Finance

**SUBJECT:** Review and Discuss Timeline for Next Steps as they relate to moving the District back to Enterprise Fund Accounting

**DATE:** November 12, 2020

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### **I. RECOMMENDATION**

Staff recommends that the Audit Committee review and discuss next steps in the process for transitioning from Governmental Fund Accounting to Proprietary Enterprise Fund Accounting for the District's Community Services and Beach activities, consistent with the Resolution of Intent (Resolution NO. 1881) approved by the Board of Trustees on May 27, 2020.

### **II. BACKGROUND**

- Up until FY2014/15, the District accounted for Community Services and Beach activities using proprietary enterprise fund accounting.
- Beginning with the FY2015/16 fiscal year, the District switched to Governmental Special Revenue fund accounting for these activities. The District's request for this transition was reviewed and approved by the Nevada Department of Taxation.
- Since the District's transition to Governmental Fund accounting, there have been questions raised as to the appropriateness of the District's use of governmental fund accounting (GASB concerns). While Staff does not believe use of Governmental Fund accounting is a formal requirement under GASB, there is a policy question as which financial reporting approach best serves the needs of the District. (This issue is among those that Audit Committee as sought outside expertise to evaluate).
- Without regards to the merits of Enterprise vs. Special Revenue fund accounting, during last year's budget process, and in conjunction with the



Board of Trustees actions required to adopt the FY2020/21 annual budget, staff recommended, and Board approved, adoption of a Resolution of Intent to transition the District back to Enterprise Fund accounting beginning with the FY2021/22 fiscal year.

- This is the first step in the process to formally request the Nevada Department of Taxation to approve the District's plan to transition back to Enterprise Fund accounting. Timing for filing request and scheduling hearing before Local Government Commission is important such that the District can initiate the budget process under either Enterprise Fund accounting (if approved by the State) or continue to use Special Revenue Fund accounting if the State does not approve of transitioning back to Enterprise Fund accounting.
- Staff believes that support from the Audit Committee may be helpful in presenting to the Nevada Department of Taxation the District's rationale for returning to Enterprise Fund accounting starting with Fiscal Year 2021/22.

Attachments:

- 1) Board memo from May 27, 2020
- 2) Resolution 1880, adopted May 27, 2020
- 3) Budget Calendar (presented to Board of Trustees October 27, 2020)

D.4. – Board memo from May  
27, 2020

## MEMORANDUM

**TO:** Board of Trustees

**FROM:** Indra S. Winquest  
Interim General Manager

Paul Navazio  
Director of Finance

**SUBJECT:** Resolution Number 1880: A resolution of intent to initiate the process to transition the Incline Village General Improvement District from use of Governmental Fund type - Special Revenue funds to use of Proprietary Type - Enterprise funds for the District's Community Services and Beach funds beginning with the FY2021-22 budget.

**DATE:** May 21, 2020

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### **I. RECOMMENDATION**

The Board of Trustees makes a motion to adopt Resolution Number 1880 which establishes the District's intent to initiate the process to transition the Incline Village General Improvement District from use of Governmental Fund type - Special Revenue funds to use of Proprietary Type - Enterprise funds for the District's Community Services and Beach funds beginning with the FY2021-22 budget.

### **II. BACKGROUND**

The Board of Trustees has directed Staff to explore the possibility of transitioning the District's Community Services Fund(s) and Beach Fund from Governmental Fund Type - Special Revenue funds back to Proprietary Type- Enterprise funds, as was in place prior to the 2015-16 fiscal year.

A preliminary Staff report on this topic was presented to the Board's at their meeting of April 1, 2020 (Item H.4). Among the highlights of the April 1, 2020 Board of Trustees meeting item was a discussion of the process required by the State of Nevada, Department of Taxation for approval to switch fund-types. Approval for the transition is required, in advance, in order for the District's formal budget submittal to be accepted by the State. As a result, the State Department of Taxation advises that the earliest that District can formally submit its budget to the State under a new fund-type structure would be for the 2021-22 fiscal year.

Resolution Number 1880: -2-  
A Resolution of Intent to initiate the process  
to transition to use of Proprietary Type –  
Enterprise funds for the District’s  
Community Services and Beach funds  
beginning in FY2021-22

May 21, 2020

Given the Board of Trustees continued interest in pursuing a transition back to Enterprise fund-types for the District’s Community Services Fund(s) and Beach Fund, Staff is seeking Board approval to initiate the required process by adoption of a Resolution of Intent (Resolution Number 1880), to serve as the formal notice to the State Department of Taxation.

Additional work will be needed early in fiscal year 2020-21 to prepare documentation required by the Department of Taxation, however, it would be Staff’s expectation that a formal request for a hearing before the Local Government Finance Committee could be held in late summer or early fall, and provide sufficient time to inform development of the District’s FY2021-22 annual budget.

**III. FINANCIAL IMPACT AND BUDGET**

There is no direct financial impact of the Staff recommendation; the proposed resolution would merely initiate a process for a change in the fund-types used for District operations, capital and debt beginning in FY2021-22.

**IV. ALTERNATIVES**

The Board could provide direction to Staff to delay consideration of this resolution until a future date.

D.4. – Resolution 1880 adopted  
May 27, 2020



**RESOLUTION NO. 1880**

**A RESOLUTION OF INTENT TO INITIATE PROCESS TO TRANSITION THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FROM USE OF GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS TO USE OF PROPRIETARY TYPE - ENTERPRISE FUNDS FOR FOR THE DISTRICT'S COMMUNITY SERVICES AND BEACH FUNDS BEGINNING WITH THE FISCAL YEAR 2021/2022 BUDGET**

**RESOLVED**, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

**WHEREAS**, on December 10, 2014, the Board of Trustees directed Staff to apply for approval of the District's Fiscal Year 2015/2016 budget by the Nevada Department of Taxation utilizing Special Revenue, Capital Projects and Debt Service Fund accounting for Community Services and the Beach Funds; and

**WHEREAS**, the District, upon a determination by the Nevada Department of Taxation that the Fiscal Year 2015/2016 budget was found to be in compliance with NRS 354.598 by the Nevada Department of Taxation; and

**WHEREAS**, the District has continued to utilize Governmental Fund Type Special Revenue funds for its Community Services Funds and Beach Fund, since Fiscal Year 2015/2016 through and including preparation of the District's Fiscal Year 2020/2021 budget; and:

**WHEREAS**, the District has determined that a transition back to use of Proprietary Fund Type Enterprise Funds for its Community Services Funds and Beach Fund is consistent with the desired intent of the business-like operations of the District; and

**WHEREAS**, the Nevada Department of Taxation has provided guidance as to the process required for formally request consideration by the Department of Taxation of the District's request; and

**WHEREAS**, the initial step in the process is for the Board of Trustees to adopt a Resolution of Intent to be submitted to the Nevada Department of Taxation;

**NOW, THEREFORE, IT IS ORDERED**, as follows:

1. Incline Village General Improvement District expresses its intent to transition to the use of Proprietary Fund Type -Enterprise Funds for



**RESOLUTION NO. 1880**

**A RESOLUTION OF INTENT TO INITIATE PROCESS TO TRANSITION THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FROM USE OF GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS TO USE OF PROPRIETARY TYPE - ENTERPRISE FUNDS FOR FOR THE DISTRICT'S COMMUNITY SERVICES AND BEACH FUNDS BEGINNING WITH THE FISCAL YEAR 2021/2022 BUDGET**

its Community Services Funds and Beach Fund beginning in Fiscal Year 2021/2022.

2. Incline Village General Improvement District has determined that use of Proprietary Fund Type Enterprise Funds for its Community Services Funds and Beach Fund is consistent with the desired intent of the business-like operations of the Incline Village General Improvement District.
3. Incline Village General Improvement District Board of Trustees, through adoption of this Resolution, directs Staff to initiate the process for consideration of approval of the requested change by the Nevada Department of Taxation.
4. Incline Village General Improvement District Board of Trustees further directs Staff to prepare and develop the necessary documents, reports and concurrence letters, as may be required by the Nevada Department of Taxation in support of this request.

\* \* \* \* \*

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 27th day of May, 2020, by the following vote:

AYES, and in favor thereof, Trustee Kendra Wong, Tim Callicrate, Matthew Dent, Sara Schmitz, and Peter Morris

NOES, None

ABSENT, None

*/s/ Kendra Wong*  
Kendra Wong  
Secretary, IVGID Board of Trustees

**D.4. – Budget calendar  
(presented to Board of Trustees  
October 27, 2020)**



2021/21 BUDGET CALENDAR					
Date	Current (FY20/21) Budget	FY2021-21 Budget Process	Board of Trustees Calendar	Rate-Setting Process: Pricing / Utilities / Rec Roll	State of Nevada - DOT
SEP					
OCT		Staff Budget Kick-off Program Baseline Budgets CIP Update Guidelines			
NOV	FY2020/21 1st Quarter Budget Report	Program Baseline Review Revenues Personnel / Expenditures	FY2020/21 1st Quarter Budget Report	RFP for Utility Rate Study	File Resolution of Intent Enterprise Fund Accounting Request Hearing Date(s)
DEC		Program Funding Proposals <b>BOARD BUDGET WORKSHOP</b>	<b>BOARD BUDGET WORKSHOP</b> Baseline Budgets Fund Forecasts Capital Program (CIP)		
JAN	Mid-Year Projections Revenues Expenditures Mid-Year Budget Adjust.	Program Revenue Workshop District Pricing Policy Baseline Facility Fee	<b>BOARD BUDGET WORKSHOP</b> Pricing Policy Preliminary Rate Schedule	Update Utility Rate Model  Pricing Policy Preliminary Rate Schedule	<i>Tentative</i> Dept. of Taxation Local Government Committee IVGID Hearing
FEB	<b>FY20/21 Mid-Year Report Board of Trustees</b>	Preliminary CIP Plan Updates Preliminary Tentative Budget	<b>FY20/21 Mid-Year Report</b> Set May Public Hearing Dates  <b>BOARD BUDGET WORKSHOP</b> <b>Capital Improvement Plan</b>	Preliminary Utility Rate Recommendations  FY2020-21 Key Rates & Cost-Recovery Pyramid	
MAR		<b>BOT Approval: FY2020/21 Tentative Budget</b> Submit: State of Nevada	<b>BOT Approval: FY2020/21 Tentative Budget</b>	Preliminary Rec Roll	
APR	Review / Update FY2016 Year- End projections		<b>PUBLIC HEARING</b> Utility Rate Ordinance	Board Approval Utility Rate Ordinance	<b>Tentative Budget Filed</b> April 15, 2021
MAY		<b>BOT Approval: FINAL FY2021/22 Budget</b> Submit: State of Nevada	<b>Public Hearings:</b> FY2020-21 Rec Roll & FY2020-21 Annual Budget  <b>BOT Approval: FINAL FY2021/22 Budget</b> Submit: State of Nevada		
JUNE		Finalize Five-Year CIP Update			<b>Final Approved Budget Form 4404LGF</b> Filed June 1, 2021
Q1			Annual Statement of Indebtedness Report / 5- Year Capital Improvement Plan		Forms 4410LGF & Forms 4411LGF Filed August 1, 2021
Q2	FY2021/22 Q1 Budget Report (November)		FY2021/22 Q1 Budget Report (November)		
Q3	FY2021/22 Mid-Year Budget Report (February)		FY2021/22 Mid-Year Budget Report (February)		
Q4					

**MEMORANDUM**

**TO:** Audit Committee

**FROM:** Matthew Dent  
Audit Committee Chairman

**SUBJECT:** General Business Item D.5. - Chart of Accounts Review and Update  
- as it relates to Board of Trustees action taken at their November 9,  
2020 Special Board of Trustees meeting. (Requesting Audit  
Committee Member: Audit Committee Chairman Matthew Dent)

**DATE:** November 16, 2020

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Chart of Accounts Review and Update - as it relates to Board of Trustees action  
taken at their November 9, 2020 Special Board of Trustees meeting. (Requesting  
Audit Committee Member: Audit Committee Chairman Matthew Dent)

**MEMORANDUM**

**TO:** Audit Committee

**FROM:** Josh Nelson  
Interim General Counsel

**REVIEWED BY:** Indra S. Winquest  
General Manager

**SUBJECT:** Legal Opinion for Community Correspondence  
Regarding Dillon's Rule

**DATE:** November 19, 2020

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Enclosed please find a re-formatted version of the legal opinion presented to the Audit Committee at its September 30<sup>th</sup> meeting. As requested, this opinion has been placed on my firm's letterhead. Please note that the memorandum includes some minor clean-up edits. Most notably and due to comments from a member of the community, the memorandum includes a citation to NRS 268.001. This has been added to clarify that this section does not modify my opinion.



## Memorandum

**To:** Audit Committee, Incline Village General Improvement District  
**From:** Josh Nelson, Best Best & Krieger LLP  
**Date:** November 10, 2020  
**Re:** Legal Opinion for Community Correspondence Regarding Dillon's Rule

### **I. OVERVIEW**

This memorandum provides a follow up to the presentations provided to the Audit Committee at its June 30, 2020 and September 1, 2020 meetings regarding Dillon's Rule and its application to IVGID. Specifically, this memorandum summarizes the issues discussed during the presentations and provides follow up regarding some of the specific subject areas that members of the public had questioned (*i.e.*, employee benefits and non-profit/community partnerships) in prior correspondence.

As explained below, NRS 318 provides authority to IVGID in three ways: (1) express substantive powers, (2) administrative powers, and (3) necessary and incidental powers. These powers clearly include the ability to provide recreational facilities and related services and programming. They also include the ability to provide various employee expense reimbursement and retention/recognition programs. Lastly, these powers include the ability to provide non-profit/community partnerships and support in furtherance of recreation or other express power.

### **II. GENERAL RULE**

#### **A. Overview of Local Authority**

As a number of community members have noted, IVGID and other local governments may only act as permitted by statute. (See *State v. Swift*, 11 Nev. 128, 140 (1876) ["Hence, a municipal corporation, in this state, is but the creature of the legislature, and derives all its powers, rights and franchises from legislative enactment or statutory implication."]; see generally *State ex rel. Harvey v. Second Judicial Dist. Court*, 117 Nev. 754, 773 (2001).) This is commonly known as "Dillon's Rule."<sup>1</sup> (See NRS 268.001

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<sup>1</sup> This memorandum uses this term given its use in the community. However, Dillon's Rule may be more accurately applied to general purpose local governments like counties or cities. Special districts like IVGID are inherently limited to providing those services and otherwise acting as permitted by statute. (See NRS 318.116.) However, NRS 266.001 clarifies that Dillon's Rule applies to "other local governments," which would include GIDs.



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[defining Dillon’s Rule].) While the Legislature has provided greater “home rule” authority to cities and counties, it has not done so for general improvement districts.

The courts have provided guidelines to help determine if a local government has the authority to act and where it may lack the ability to do so. For example, general principles of statutory interpretation apply. As such, “[i]t is well settled in Nevada that words in a statute should be given their plain meaning unless this violates the spirit of the act.” (*McKay v. Bd. of Supervisors*, 102 Nev. 644, 648, (1986). [citations omitted].) “Where the language of a statute is plain and unambiguous ... there is no room for construction, and the courts are not permitted to search for its meaning beyond the statute itself.” (*Charlie Brown Constr. Co. v. Boulder City*, 106 Nev. 497, 503 (1990), *overruled on other grounds by Calloway v. City of Reno*, 116 Nev. 250, 993 P.2d 1259 (2000) [internal citations omitted].) Lastly, “where a statute is susceptible to more than one interpretation it should be construed in line with what reason and public policy would indicate the legislature intended.” (*State, Dep’t of Mtr. Vehicles v. Lovett*, 110 Nev. 473, 477 [internal citations omitted].)

In addition, authorized powers must be interpreted consistently with other state law. If local action is expressly preempted by the state, the local government cannot act. (See *Lamb v. Mirin*, 90 Nev. 329 (1974).) Similarly, if the Legislature regulates an area, local action may not be permitted, even if it is not directly in conflict. (See *Falcke v. Douglas County*, 116 Nev. 583 (2000) [Legislature’s adoption of supermajority voting requirements in some areas prohibits locally adopted supermajority voting requirements in other areas].) The express authority to provide some types of services indicates an intent not to allow the agency to provide other types of services that are not listed. (2013 Nev. Op. Atty. Gen. No. 07, \*6)

Despite this, general grants of authority are interpreted broadly. In *Flores v. Las Vegas-Clark County Library District* (2018) 134 Nev. 827, 833, the Nevada Supreme Court held that the general authority for a library district to “[d]o all acts necessary for the orderly and efficient management and control of the library, see NRS 379.025(2)(f), and [e]stablish[ing] bylaws and regulations for the management of the library, see NRS 379.025(1)(h).” included the ability to ban firearms at libraries. This was true even though the Legislature expressly preempted towns, cities, and counties from regulating firearms. As library districts were not included within the express ban on local regulation, their general authority to operate libraries included the ability to ban firearms. Importantly, the Supreme Court recognized that other local governments had similar authority, including GIDs.

B. Powers Granted to IVGID in NRS 318



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IVGID's powers are generally set forth in NRS 318. (See generally Leg. Counsel Bureau, Background Paper 83-4, General Improvement Districts.) NRS 318 identifies three different types of powers that GIDs possess: (1) express substantive powers, (2) administrative powers, and (3) necessary and incidental powers.

For the first, NRS 318.116 identifies a number of services that GIDs may provide. Not all GIDs may provide all services identified in this section. Rather, GIDs must be authorized to provide each type of service. Under these rules, IVGID has been authorized to provide water, sewer, solid waste, and recreational services. Importantly, while NRS 318.116 generally refers to "furnishing" facilities, other portions of NRS 318 clarify that this includes operating these facilities and providing related services. (NRS 318.100(2) ["The district may also furnish services pertaining to any such basic power which the district may exercise."]; NRS 318.145 [operation of facilities].)

For the second, NRS 318 identifies administrative powers that GIDs may utilize when conducting business. For the third, NRS 318.210 recognizes that NRS 318 cannot exhaustively state all things that a GID may need to do and it grants GIDs all necessary and implied powers required to exercise their express powers. Specifically, it states that GIDs "...shall have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted in [NRS 318]. Such specific powers shall not be considered as a limitation upon any power necessary or appropriate to carry out the purposes and intent of this chapter." Similarly, NRS 318.205 empowers GIDs to adopt bylaws "[f]or carrying on the business, objects and affairs of the board and of the district [and] [r]egulating the use or right of use of any project or improvement." In this regard, it is important to note other portions of NRS 318 which evidence a legislative intent to grant broad powers to GIDs. (NRS 318.015(1) ["For the accomplishment of these purposes the provisions of this chapter shall be broadly construed."]; 318.040 ["This chapter being necessary to secure the public health, safety, convenience and welfare, it shall be liberally construed to effect its purposes."].)

Based on the above, any question regarding whether IVGID has the ability to do something requires first asking which express power it falls under (either substantive or administrative). If the action does not fit squarely within an express power, one must ask whether it is "close enough" to an express power to fall under IVGID's incidental powers. As an example, IVGID could not operate a police department as NRS 318 does not authorize GIDs to operate public safety departments. In addition, this is so far removed from any express power in NRS 318 to qualify as an incidental power. (See 2013 Nev. Op. Atty. Gen. No. 07, \*6.) By contrast, suppose the question was whether IVGID could install a security camera at its water facilities to deter vandalism. In this case, while "installing a security camera" is not specifically identified in NRS 318, it is part of the



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water system and would be permissible (either as part of the express authority to provide water service or incidental to this express power). (NRS 318.144, 318.205, 318.210; *Las Vegas-Clark County Library District*, 134 Nev. at 833.)

### **III. EMPLOYEE BENEFITS AND COMMUNITY PARTNERSHIPS**

When this matter was referred to our office for consideration, a list of eight specific questions were included. These questions identified a number of different situations for evaluation. These situations generally split into two categories: (1) employee benefit-related expenditures and (2) community/non-profit partnerships.

Applying the discussion above to these categories, one must first determine if they fall within an express power and if not, determine if they are permitted through IVGID's incidental powers. For employee benefit-related expenditures, IVGID's administrative powers grant broad authority to hire and compensate employees and contractors. (NRS 318.180, 185.) The power to compensate necessarily includes the ability to reimburse an employee for business expenses or operate an employee recognition program. Even if one argued that this was not within the express powers in NRS 318.180 and 318.185, it would be an incidental power or otherwise part of the general grant of authority to compensate employees. (See *Las Vegas-Clark County Library District*, 134 Nev. at 833.) Of course, all employee recognition and retention programs should be reasonable (as determined by the Board and General Manager) to ensure they serve a public purpose and are not substitutes for basic salary and other traditional compensation.

For community/non-profit partnerships, the NRS does not include an express power to make general *in kind* or monetary donations to non-profits or community groups.<sup>2</sup> In this respect, it is important to distinguish IVGID from cities and counties. These entities do have express authority to make these donations. (See NRS 244.1505, 268.028.<sup>3</sup>) Based on this, IVGID must look to its other powers for this authority.

Importantly, not all monetary or *in kind* support provided to local non-profits and community groups qualifies as a "donation." For example, IVGID contracts with the Diamond Peak Ski Education Foundation to provide ski team and ski race programs. This contract includes having IVGID provide ski passes and tickets to coaches and participants. These passes and tickets are not "donations" but consideration provided to the Foundation in exchange for it providing recreational services. Functionally, this would be the same as

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<sup>2</sup> One exception to this general rule is NRS 332.185. This authorizes all local governments to donate unneeded personal property to other local agencies or non-profits.

<sup>3</sup> This legislative authority is cited in the Attorney General Opinion included in the community correspondence. (See 2005 Nev. Op. Atty. Gen. No. 01 *overruled* by 2005 Nev. Op. Atty. Gen. No. 07.)



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ATTORNEYS AT LAW

hiring a contractor to provide a recreational program. (See NRS 318.143, 318.100.) Similarly, IVGID may lease office space to a non-profit at below market rent. This is likely permitted under NRS 318.160 which grants broad authority to lease property. Lastly, IVGID provides qualifying non-profits with venue space at no cost or reduced rates under Policy and Procedure Resolution No. 132/Resolution No. 1701. While this is permissible even if considered a “donation” as explained below, it also likely falls under the Board’s ability to charge fees and rates for the use of IVGID facilities. (NRS 318.197.)

That being said, any actual donations are most likely permitted under IVGID’s implied or incidental powers provided that they are in furtherance of some express IVGID power.<sup>4</sup> To that end, the Board of Trustees has adopted policies to this effect. In addition to Policy and Procedure Resolution No. 132/Resolution No. 1701, the Board adopted Policy and Procedure Resolution No. 110/Resolution No. 1493 which authorizes IVGID staff, with advance notice to the Board of Trustees, to make reasonable (*i.e.*, generally less than \$1,000) monetary expenditures to support community groups provided that the support is “...related to a purpose authorized by NRS Chapter 318, and delegated to IVGID thereunder.” Importantly, this must in furtherance of some express power. General grants of funds are most likely impermissible absent express statutory authority. (See 2000 Nev. Op. Atty. Gen. No. 10.)

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<sup>4</sup> While not directly related to Dillon’s Rule, donations are permitted by the Nevada Constitution and general laws. (Nev. Const., art. 8, §§ 9-10; see also 2013 Nev. Op. Atty. Gen. No. 07.)





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Issue	Authorization	Discussion
Providing stale recreational merchandise to local charities.	NRS 318.143, 318.160, 318.205, 318.210	<p>-Based on our investigations, this has occasionally occurred when recreational staff has donated stale, unsold recreational merchandise to non-profits for fundraisers.</p> <p>-This would most likely be authorized as incidental to operating recreational programs as this stale merchandise has nominal market value. However, if viewed as a “donation,” this would fall under the Board’s authority to dispose of unused, unsold IVGID property.</p> <p>-However, there is not an explicit Board policy on this, and the Board of Trustees may wish to provide guidance.</p>
Providing below market rate rent to non-profit tenants.	NRS 318.160, 318.205, 318.210	<p>-This is permissible under IVGID’s power to lease property.</p> <p>-Even if considered a “donation,” it would be authorized as incidental to this express power.</p> <p>-Moreover, the lease at issue was approved by Board action.</p>
Providing venue cards to employees.	NRS 318.180, 318.185, 318.210	<p>-This is permissible and a common way to show appreciation for employees.</p> <p>-It is set forth in Personnel Policies 6.10, and this benefit is expressly “subject to change by the Board of Trustees and may be revoked if the privilege is abused by an employee and/or their qualified dependents.”</p>
Sending employees on business trips and reimbursing business expenses, providing per	NRS 318.180, 318.185, 318.210	<p>-Employees commonly receive reimbursements for expenses associated with business travel. Reimbursements may be based on actual expenses or a per diem. IVGID’s current policy complies with the requirements. (See Personnel Policies 7.) This policy requires receipts for actual reimbursement and an expense report for all travel cases. Employees must receive prior authorization for overnight travel from their supervisor.</p>



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diem reimbursement.		
Employee celebration expenses, including the use of purchase cards.	NRS 318.180, 318.185, 318.210	<p>-Similar to rewards, this is a common way to show appreciation for employees. Celebration expenses should be reasonable cost (<i>i.e.</i>, pizza parties).</p> <p>-IVGID has adopted a policy regarding the use of procurement cards. (See Personnel Policies 8.) This policy does not expressly discuss employee celebration expenses. However, “[a]ll purchases made with a District Procurement Card must be for the use and benefit of the District. No personal purchases are allowed.” In addition, the Board of Trustees assigns funds each year for this purpose. The Board of Trustees could adopt a specific policy if it wished.</p>
Employee birthday parties and related gift certificates.	NRS 318.180, 318.185, 318.210	<p>-Similar to rewards, this is a common way to show appreciation for employees. Celebration expenses should be reasonable (<i>i.e.</i>, a nominal gift card for coffee).</p> <p>-In discussions with staff, the bulk of employee celebrations are funded by participating employees. Any IVGID funds are drawn from the funds assigned by the Board for employee recognition. Similar to the above, the Board of Trustees could adopt a specific policy if it wished.</p>
Contractor meals while meeting with staff	NRS 318.180, 318.185, 318.210	<p>-This is not explicitly covered by the existing employee reimbursement policy and has been traditionally authorized under the purchasing policy.</p> <p>-It would be permissible under Dillon’s Rule as compensation to a contractor or reimbursement to an employee of necessary business expenses. However, the Board of Trustees may wish to clarify this in an explicit policy. Note that there is a comment about this in the Board of Trustees’ handbook for business lunches.</p>



**BEST BEST & KRIEGER**

ATTORNEYS AT LAW

Employee rewards through IVGID "bucks"	NRS 318.180, 318.185, 318.210	-This is permissible and a common way to show appreciation for employees. -This is part of IVGID's P.E.R.K. program for seasonal employee recognition and retention. This program has been brought to the Board of Trustees in the past, including in February 2007.
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## MEMORANDUM

**TO:** Audit Committee

**FROM:** Indra S. Winquest  
District General Manager

Josh Nelson  
Legal Counsel

**SUBJECT:** Review, discuss and possibly approve a Whistleblower procedure for financial matters

**DATE:** September 30, 2020

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### **I. RECOMMENDATION**

The Audit Committee receive, review, potentially revise, and consider adopting the enclosed Whistleblower Procedure.

### **II. BACKGROUND**

Enclosed please find a straw proposal for the development of a whistleblower complaint procedure for employees and the public. The Audit Committee was delegated the authority to review and refine financial whistleblower procedures under Policy 15.1.0(2.8). This procedure refines the existing practice.

The proposed process generally involves the receipt, investigation, and disposition of complaints. Complaints by employees can be made to supervisors, the General Manager, or the Audit Committee Chair. Complaints by others may be made to the General Manager or the Audit Committee Chair unless either is involved in which case complaints will be forwarded to the Chair of the Board of Trustees. Upon receipt, complaints will be investigated in good faith in coordination with Human Resources and legal counsel as appropriate.

One important topic of consideration is confidentiality. The procedure clarifies that complaints and investigations will be confidential to the extent permitted by law. In addition, and again to the extent permitted by law, employee complaints may be submitted anonymously.

### **III. ALTERNATIVES**

Do not move forward with the proposed procedure.

### **IV. BUSINESS IMPACT**

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

# **INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT WHISTLEBLOWER PROCEDURE – FINANCIAL MATTERS**

## **General**

The Incline Village General Improvement District (IVGID) expects its Trustees, officers, employees, and other representatives to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of IVGID, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations. This procedure implements Board of Trustees Policy 15.1.0(2.8.).

## **Reporting Responsibility**

It is the responsibility of all Trustees, officers, and employees to report Financial Misconduct in accordance with this Whistleblower Procedure.

## **Financial Misconduct**

“Financial Misconduct” means: violations of federal, state, local laws, Board and/or employee policy related to financial matters, theft, accepting bribes, fraudulent financial reporting and fraudulent recordkeeping.

## **No Retaliation**

IVGID prohibits retaliation against any Trustee, officer, or employee who reasonably believes that Financial Misconduct is occurring and reports it to a regulatory agency or a law enforcement agency, to a person with authority over the individual making the report, or to another employee with authority to investigate, discover, or correct the Financial Misconduct. IVGID also prohibits retaliation against any Trustee, officer, or employee because that individual may make or threatens to make such a disclosure. Retaliation includes harassment or adverse employment actions, such as unwarranted discipline or termination. Any Trustee, officer, or employee who retaliates in violation of this procedure is subject to discipline up to and including termination of employment, as applicable. This procedure is intended to encourage and enable employees and others to raise serious concerns within IVGID prior to seeking resolution outside IVGID.

IVGID also prohibits retaliation against any Trustee, officer, or employee who refuses to participate in any conduct that would result in a violation of local, state, or federal law or regulation related to any Financial Misconduct.

## **Reporting Financial Misconduct**

To retain confidentiality and to the extent permitted by applicable law, the District will provide a method for anonymous whistleblower submissions. The General Manager shall ensure all employees are aware of these procedures.

## **INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT WHISTLEBLOWER PROCEDURE – FINANCIAL MATTERS**

In addition, IVGID encourages its Trustees, officers, and employees to share their questions, concerns, suggestions, or complaints with their supervisor, Venue Manager, General Manager, or the Audit Committee Chair. Any Trustee, officer, employee, or member of the public may report Financial Misconduct to the General Manager and the Chair of the Audit Committee. If the Financial Misconduct implicates one or both of the General Manager or the Chair of the Audit Committee, the issue may be reported to the Chair of the Board of Trustees or any other Trustee if the Chair is implicated as well. Upon receipt an allegation of Financial Misconduct, the receiving party shall take appropriate action which shall include investigating the allegation if it appears to have reasonable cause and to be made in good faith. Investigations shall include the Human Resources department and legal counsel as applicable.

It is the responsibility of the General Manager to take immediate action to investigate and determine if corrective action needs to be taken. To ignore a report may result in disciplinary action up to and including termination for inaction.

### **Acting in Good Faith**

Anyone raising concerns of Financial Misconduct must be acting in good faith and have reasonable cause for believing the information disclosed indicates Financial Misconduct. Any allegations that prove to be made maliciously or knowingly false will be viewed as a serious disciplinary offense. For employees this may result in termination and for community members, it may result in suspension of their Recreation Privileges.

### **Confidentiality**

To the extent permitted by applicable law, reports of Financial Misconduct or suspected Financial Misconduct will be kept confidential on a "need-to-know" basis, consistent with the need to conduct an adequate investigation.

### **Information Technology Process**

The process will be to utilize a third party online form that is posted or linked to from yourtahoeplace.com that would then send an email directly to the Audit Committee Chairperson's IVGID email account. This process should be straight forward to implement and Staff believe it will take no more than a 6 to 8 business days from start to completion. There will be a nominal (*for 2020 it is \$60/year*) charge to host this form. Should a change be made to either this procedure or technology, the Director of Information Technology will consult with the District General Manager to ensure compliance.

D.8. – Review, discuss, and possibly take action related to the following communications that have been received and are included: (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent)

a. May 2, 2020 email communication regarding the Engagement Letter, the Audit Committee charter and communications from Mr. Dick Warren

**May 2, 2020 e-mail  
communication  
regarding the  
Engagement Letter,  
the Audit  
Committee charter  
and  
communications  
from Mr. Dick  
Warren (3 pages)**



**From:** Dick Warren <bd1947@icloud.com>  
**Sent:** Saturday, May 2, 2020 4:15 PM  
**To:** Paul C. Navazio  
**Cc:** Matthew Dent; Tim Callicrate; Sara Schmitz; Winqest, Indra S.  
**Subject:** AC Meeting May 6th - Item D3, Engagement Letter

I must admit I was a little bit surprised to find these 2 paragraphs (below in bold) in your memorandum to the AC, found on pages 32 & 33.

The first para, why are you asking Eide Bailly to prepare the financials? IVGID has prepared these for years, why are you asking Eide Bailly to prepare them this year? Not only does the cost increase, but what is the added value?

The second para (I have already commented on this in an earlier email today as a potential conflict of interest for Eide Bailly), why would you want Eide Bailly to be a Financial Advisor to the AC? This is the same firm that did last year's CAFR (FY 2019), and the Board sent it on to the Department of Taxation with 14 potential issues relating to Eide Bailly. Why would you want Eide Bailly to be your Financial Advisor when you just questioned their competence in last year's audit? And let's be honest, Eide Bailly has been an issue for the past 4 years.

Anyway, these 2 requests by Staff I find to be perplexing; hopefully, you can mollify my concerns.

**First, staff suggests that the Audit Committee *give* consideration to amending the Engagement Letter to request that the Independent Auditor prepare the financial statements to be include in the Consolidated Annual Financial Report. Historically, the financial statements have been prepared by management staff and *reviewed* by the Independent Auditor. This task would result in an increase to the fee(s) charged for the *overall* audit.**

**In addition, the Audit Committee - in conjunction with its update to Board Policy 15.1.0 - may choose to request that the Independent Auditor be retained to *serve* as a resource to the newly- reconstituted Audit Committee. The draft revision to Board Policy 15.1.0 (also appearing on this Committee Agenda), identifies a role for an individual or entity to provide background and training to Committee members as well as serve as a resource to members to support the Committee in fulfilling its oversight role related to finance, accounting, financial reporting and internal controls. This potential role for the Independent Auditor is currently outside the scope of the Engagement Letter for the FY2019-20 audit work.**

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**From:** Sara Schmitz  
**Sent:** Monday, May 4, 2020 5:48 PM  
**To:** Herron, Susan  
**Subject:** Fw: Audit Committee (AC) Meeting, May 6th - Item D2, the AC Charter

**Sara Schmitz**

Incline Village General Improvement District Trustee and Treasurer  
893 Southwood Blvd.  
Incline Village, NV 89451  
**925-858-4384**



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**From:** Dick Warren <bd1947@icloud.com>  
**Sent:** Saturday, May 2, 2020 1:00 PM  
**To:** Matthew Dent; Tim Callicrate; Sara Schmitz  
**Cc:** Winqest, Indra S.; Paul C. Navazio  
**Subject:** Audit Committee (AC) Meeting, May 6th - Item D2, the AC Charter

A couple of comments:

Page 16 - First paragraph under Organization, last sentence - How can you have a Financial Advisor who is affiliated with the external audit firm? The external audit firm does not give an opinion on IVGID's internal controls, but they do need to review and determine their level of auditing procedures necessary based on their assessment of IVGID's internal controls. I think this could be a potential conflict for the external audit firm, it might be better to keep the Financial Advisor totally independent of the external audit firm. From a practical sense, wouldn't the best fit for Financial Advisor be the Consultant you use for your Internal Control Review?

Materiality - I might have missed it, but is materiality of financial transactions discussed in the Charter? The GM has a certain level of approval, \$50k or so. Since the AC is responsible for financial reporting, shouldn't "significant financial transactions", above the level authorized for the GM, be brought to the AC for their review & approval?

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**From:** Sara Schmitz  
**Sent:** Monday, May 4, 2020 5:47 PM  
**To:** Herron, Susan  
**Subject:** Fw: AC Meeting May 6th - Item D4 Communications, 3 Items

**Sara Schmitz**

Incline Village General Improvement District Trustee and Treasurer  
893 Southwood Blvd.  
Incline Village, NV 89451

**925-858-4384**



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**From:** Dick Warren <bd1947@icloud.com>  
**Sent:** Saturday, May 2, 2020 6:38 PM  
**To:** Matthew Dent; Tim Callicrate; Sara Schmitz  
**Cc:** Winqest, Indra S.; Paul C. Navazio  
**Subject:** AC Meeting May 6th - Item D4 Communications, 3 Items

Re Items 4A & 4C, the Nike slogan "JUST DO IT" comes to mind. - Linda & Cliff have persuasively laid out their arguments, and there has been no rebuttal to them. Item 4C is particularly unsettling, since if IVGID continues to use Special Revenue Fund Accounting they are in violation of the law.

Re Item 4B, Dillon's Rule, if an organization like IVGID had a competent internal control function (external or internal), this issue would go away quickly.

D.8. – Review, discuss, and possibly take action related to the following communications that have been received and are included: (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent)

b. October 19, 2020 email communication regarding 2018-19 CAFR capitalization, expense notes, and deferred interest received from Audit Committee Member at Large Cliff Dobler

**From:** Matthew D  
**To:** Herron, Susan  
**Subject:** Fwd: Points #22 to 24 of CAFR  
**Date:** Tuesday, November 10, 2020 10:58:06 AM  
**Attachments:** [Defensible Space not a Capital Asset - Pages from CAFR - 2019.pdf](#)  
[22 - Utility Fund - Accounting for Effluent Pipeline Set Aside as Deferred Revenues.pdf](#)  
[23 - 2019 CAFR errors - Failure to set aside investment income for Effluent Pipeline.pdf](#)  
[24 - 2019 CAFR errors - Burnt Cedar Pool - Construction in Progress charges for fiscal 2019 - Should be expensed.pdf](#)

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----- Forwarded message -----

From: <[cfdobler@aol.com](mailto:cfdobler@aol.com)>  
Date: Fri, Nov 6, 2020 at 11:28 AM  
Subject: Points #22 to 24 of CAFR  
To: [dent\\_trustee@ivgid.org](mailto:dent_trustee@ivgid.org) <[dent\\_trustee@ivgid.org](mailto:dent_trustee@ivgid.org)>  
CC: [matthewbdent@gmail.com](mailto:matthewbdent@gmail.com) <[matthewbdent@gmail.com](mailto:matthewbdent@gmail.com)>

I think these three points may have fell through the impregnable crack in the IVGID communication chain. They are attached.

While there never is a last item, I call your attention the 2019 CAFR Note 1J - Capital Assets. With that Note there is an entire paragraph on page 40 relating to Defensible Space. As stated the Defensible Space costs (expenses) are expensed and have no relationship to Capital Assets. I attach the page of the CAFR -Make that point #25

As an extension of my October 19, 2020 memo regarding the Statement of Activities, I believe that GASB #34 is not being adhered to at all. **Paragraph 39 of GASB #34 clearly states that "should present governmental activities at least at the level of detail required in the governmental fund statement of revenues, expenditures and changes in fund balance" (page 4 of my memo). Applying that GASB requirement then separate line items for the Community Services and Beaches Capital Projects and Debt Service Funds would have to be detailed to be in compliance.** Instead IVGID drifted away from the requirements and combined the Capital Projects and Debt Service funds together with the Special Revenue Funds. I assume the word "function" was IVGID's pivot point to decide to ignore the requirement. As such, there is no gymnastic possible comparison between the Statement of Activities and the Government Funds Statement of Revenues, Expenditures and Changes in Fund Balance (my page 5) and the Statement of Activities (my page 2).

Gain on Sale of Capital Assets, Unrestricted investment earnings and miscellaneous revenues were all classified as General Revenues in the Statement of Activities and did not follow the individual fund revenues in the Governmental fund statement of revenues, expenditures and changes in fund balance.

This should bring us up to speed except for the new one on Pressure Relief values.

I sent the e mail to both places.

--  
Matthew Dent

(775) 530-1345

Withdrawn on 10-4-2020

Memorandum

July 14, 2020

To: IVGID Audit Committee

cc: IVGID Trustees Morris and Wong, General Manager Indra Winquest, Director of Finance Paul Navazio,

From: Clifford F. Dobler

Re: Collection of sewer rates from customers for the Effluent Pipeline - Phase II replacement capital project should have been reported as Deferred Inflows of Resources. CAFR's and Budgets errors may have been created for seven years

Since 2013 the IVGID Board of Trustees has been collecting \$2,000,000 per year in sewer rates which was to be set aside for the eventual replacement of the Effluent Pipeline Phase II. Since these funds were collected for a specific purpose of designing and constructing a project in future years, it seems that the \$2,000,000 collected each year should have been recorded as deferred inflows of resources (revenues) rather than current revenues. GASB # 87 analyzes the effect on reporting the Net Position as Deferred inflows of resources must be reported as restricted funds.

The Utility Fund's activities are reported as an enterprise fund. One of the primary objective is to establish pricing policy wherein fees and charges for services are designed to recover its costs (which include depreciation or debt service). GASB #34 paragraph 69(c).

From fiscal years 2013 to 2019 total revenues of the \$78,736,743 were reported in the audited basic financial statements, of which \$14,000,000, was the set aside money for the Effluent Pipeline Phase II project, thus the Utility Fund appeared to have a positive increase in Net Position of \$11,533,692 over the seven year period. (Exhibit A" Reclassifying the \$14,000,000 as a deferred inflow of resources would have a negative effect.

In addition, my memorandum dated April 27, 2020 indicated that according to Board Practice 13.2.0-2.3 any interest earned on money set aside for a project should also be set aside if "deemed needed for possible project cost adjustments" Approximately \$538,000 of interest should have been set aside as deferred inflows of resources but was not. It was quite obvious that the Effluent Pipeline Phase II estimate of \$23 million was not sufficient as only a 4% inflation factor was used in the estimate.

If the \$14,000,000 from sewer rates collected for the Effluent Pipeline Phase II and the \$538,000 of interest earned on the partial funds collected and set aside from sewer rates, the Utility Fund would indicate a loss from operations of \$3,004,308 and the pricing policy to recover costs had not been met. (See EXHIBIT B)

For the seven year period (2013 to 2019) not only was IVGID staff budgeting excess current revenues but was also budgeting that the collections for the Effluent Pipeline Phase II money would actually be

spent each and every year when no replacement of the pipeline had even began. several million was being redirected on pipeline assessments and other projects.

The Comprehensive Annual Financial Reports issued from 2013 to 2019 includes, as Supplemental information, a Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual for the Utility Fund. Each year, capital expenditures (labeled as Acquisition of Capital Assets) were substantially less than budget giving the impression that actual expenditures were always below budget. During the seven year period, favorable variances of \$12,746.532 was indicated on budgets of \$40.671,676 (31.3% favorable variance. Factually there were many cost overruns if the set aside money for the effluent pipeline had not been budgeted as a capital expenditure.

I respectfully ask the IVGID Audit Committee to review this accounting and reporting of the Effluent Pipeline Phase II set aside funds and the effect on the Utility Fund .



# Incline Village General Improvement District

## EXHIBIT "A"

Utility Fund Revenues and Operating Expenses

Adjusted for Deferred Revenues collected for Effluent Pipeline and Interest on Pipeline Set Aside Funds

Fiscal years ending June 30, 2013-2019

### BEFORE

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Revenues as Reported	\$ 9,767,475	10,434,118	10,851,123	11,158,119	11,813,169	11,925,557	12,787,182	\$ 78,736,743
Adjustment for Pipeline Deferred Revenues								
Adjusted Revenues	9,767,475	10,434,118	10,851,123	11,158,119	11,813,169	11,925,557	12,787,182	\$ 78,736,743
Operating Expenses - as Reported	(8,480,954)	(9,029,675)	(9,415,760)	(9,733,565)	(9,729,775)	(10,113,371)	(10,428,137)	(66,931,237)
Adjusted Operating Income (Loss)	\$ 1,286,521	1,404,443	1,435,363	1,424,554	2,083,394	1,812,186	2,359,045	\$ 11,805,506
Non Operating Revenues (Expenses)								
Investment Earnings	55,666	61,007	81,996	154,162	60,132	77,280	282,484	\$ 772,727
Gain or (Loss) on sale of assets	17,856	25,875	(34,499)	42,764	17,730	50,020	15,066	134,812
Extraordinary Expense		(30,587)						(30,587)
Interest on Bonds	(186,608)	(193,123)	(180,505)	(167,530)	(154,186)	(140,463)	(126,351)	(1,148,766)
Interest on Pipeline Set Aside								
Total Non Operating Revenues (Expenses)	(113,086)	(136,828)	(133,008)	29,396	(76,324)	(13,163)	171,199	(271,814)
<b>Total Combined Income</b>	<b>\$ 1,173,435</b>	<b>1,267,615</b>	<b>1,302,355</b>	<b>1,453,950</b>	<b>2,007,070</b>	<b>1,799,023</b>	<b>2,530,244</b>	<b>\$ 11,533,692</b>

### Sources

Comprehensive Annual Financial Report for the Year ended June 30,2013	Page 26
Comprehensive Annual Financial Report for the Year ended June 30,2014	Page 26
Comprehensive Annual Financial Report for the Year ended June 30,2015	page 26
Comprehensive Annual Financial Report for the Year ended June 30,2016	Page 32
Comprehensive Annual Financial Report for the Year ended June 30,2017	Page 30
Comprehensive Annual Financial Report for the Year ended June 30,2018	Page 31

***NOTE: REVENUES FOR FISCAL 2019 WERE INFLATED BY RECOGNIZING HISTORICALLY DEFERRED REVENUES AS CURRENT REVENUES - \$417,402***

## Incline Village General Improvement District

## EXHIBIT "B"

Utility Fund Revenues and Operating Expenses

Adjusted for Deferred Revenues collected for Effluent Pipeline and Interest on Pipeline Set Aside Funds

Fiscal years ending June 30, 2013-2019

### AFTER

	2013	2014	2015	2016	2017	2018	2019	Total
Revenues as Reported	\$ 9,767,475	10,434,118	10,851,123	11,158,119	11,813,169	11,925,557	12,787,182	\$ 78,736,743
Adjustment for Pipeline Deferred Revenues	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(14,000,000)
Adjusted Revenues	7,767,475	8,434,118	8,851,123	9,158,119	9,813,169	9,925,557	10,787,182	\$ 64,736,743
Operating Expenses - as Reported	(8,480,954)	(9,029,675)	(9,415,760)	(9,733,565)	(9,729,775)	(10,113,371)	(10,428,137)	(66,931,237)
Adjusted Operating Income (Loss)	\$ (713,479)	(595,557)	(564,637)	(575,446)	83,394	(187,814)	359,045	(2,194,494)
Non Operating Revenues (Expenses)								
Investment Earnings	55,666	61,007	81,996	154,162	60,132	77,280	282,484	\$ 772,727
Gain or (Loss) on sale of assets	17,856	25,875	(34,499)	42,764	17,730	50,020	15,066	134,812
Extraordinary Expense		(30,587)						(30,587)
Interest on Bonds	(186,608)	(193,123)	(180,505)	(167,530)	(154,186)	(140,463)	(126,351)	(1,148,766)
Interest on Pipeline Set Aside	(19,000)	(38,000)	(51,000)	(106,000)	(45,000)	(54,000)	(225,000)	(538,000)
Total Non Operating Revenues (Expenses)	(132,086)	(174,828)	(184,008)	(76,604)	(121,324)	(67,163)	(53,801)	(809,814)
<b>Total Combined losses</b>	<b>\$ (845,565)</b>	<b>(770,385)</b>	<b>(748,645)</b>	<b>(652,050)</b>	<b>(37,930)</b>	<b>(254,977)</b>	<b>305,244</b>	<b>\$ (3,004,308)</b>

### Sources

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Comprehensive Annual Financial Report for the Year ended June 30,2015	page 26
Comprehensive Annual Financial Report for the Year ended June 30,2016	Page 32
Comprehensive Annual Financial Report for the Year ended June 30,2017	Page 30
Comprehensive Annual Financial Report for the Year ended June 30,2018	Page 31
Comprehensive Annual Financial Report for the Year ended June 30,2019	Page 31

*NOTE: REVENUES FOR FISCAL 2019 WERE INFLATED BY RECOGNIZING HISTORICALLY DEFERRED REVENUES AS CURRENT REVENUES - \$417,402*

## Memorandum

April 27, 2020

To: IVGID Audit Committee - Chair Dent, Trustee Schmitz and Callicrate

cc: Trustee Wong and Morris

cc: Interim General Manager - Indra Winquest

cc: Director of Finance - Paul Navazio

From: Cliff Dobler

Re: Violation of Board Policy 13.1.0 (Exhibit "A") and Board Practice 13.2.0 ("Exhibit B") - Investment Earnings from Effluent Pipeline Phase II accumulated resources should be set aside and restricted but have not been.

As normal Board Policies and Practices are seldom adhered to and continues to perpetuate the lack of internal controls. Here is another non compliance item which needs to be addressed.

According Board Practice 13.2.0 (2.3) (Exhibit "B" page 2 )

*"Investment earnings on a project's financing resources shall accrue to the project to the extent they were included in the Capital Improvement Project Data Sheet or are deemed needed for possible project cost adjustments".*

Of course, Project Data Sheets do not exist but are actually titled a Project Summary. Nowhere in any Project Summary produced by IVGID staff would the source of monetary resources be indicated. This is consistent with inaccurate information provided on a continuing basis.

It would seem quite clear that a "cost adjustment" for the Effluent Pipeline Phase II ("Pipeline") is evident since in January, 2020, the citizens became aware that the Pipeline costs estimates increased from \$23,000,000 to \$35,000,000. As such, any investment earning obtained on the money collected annually and set aside (other than amounts used for other projects) for the Pipeline should restricted and set aside for the additional \$12,000,000 in "cost adjustments"

Estimated Investment earnings (interest) of \$538,000, which should have been set aside as restricted funds for the Pipeline, is calculated based on the ratio of the cash, cash equivalents, short term and long term investments applicable to the Pipeline to the total of all cash, cash equivalents, short term and long term investments as reported at the end of each fiscal year from 2013 to 2019 ( Exhibit "C").

Since investment earnings related to the Pipeline were not restricted, the Unrestricted Net Position of the Utility Fund should be reduced and the amount of carryover commitments for the Pipeline reported in Note 19 of the Comprehensive Annual Financial Report as of June 30, 2019 should be increased by the estimated \$538,000 of interest earned on the money set aside for the Pipeline.

In order to be fair and honest with the citizens of Incline Village and Crystal Bay and to have this Board of Trustees actually comply with the established Policies and Practices, I respectfully request that this correction be made as soon as possible and be brought to the attention of citizens by an agenda item at a future Board meeting.

Exhibits

A - Board Policy 13.1.0

B - Board Practice 13.2.0

C - Calculation of Investment Earnings applicable to Pipeline

Exhibit "A"

2 pages



**Capital Planning  
Capital Project Budgeting  
Policy 13.1.0**

**POLICY.** The District will prepare and adopt a formal capital budget as part of their annual budget process. The capital budget will be directly linked to, and flow from, the Multi-Year Capital Improvement Plan. It may be necessary to modify projects approved in the capital plan before adopting them in a capital budget. Modifications may be necessary based on changes in project scope, funding requirements, or other issues. If these modifications are material, the District will consider the impacts these may have on its multi-year capital and financial plans. The capital budget should be adopted by formal action of the Board of Trustees, either as a component of the operating budget or as a separate capital budget. It will comply with all state and local legal requirements.

- 1.0 Preparing and Adopting the Capital Budget. The capital budget will include the following information:
  - 1.1 A definition of capital expenditure for the District.
  - 1.2 Summary information of capital projects by fund, function, venue/service or activity.
  - 1.3 A schedule for completion of the project, including specific phases of a project, estimated funding requirements for the upcoming year(s), and planned timing for acquisition, pre-design, design, and construction or acquisition activities and transition to complete operation.
  - 1.4 Descriptions of the general scope of the project, including expected service and financial benefits to the District.
  - 1.5 A description of any impact the project will have on the current or future operating budget.
  - 1.6 Estimated costs of the project, based on recent and accurate sources of information.
  - 1.7 Identified funding sources for all aspects of the project, specifically referencing any financing requirements for the upcoming fiscal year.
  - 1.8 Funding authority based either on total estimated project cost, or estimated project costs for the upcoming fiscal year. Consideration should be given to carry-forward funding for projects previously authorized.



**Capital Planning  
Capital Project Budgeting  
Policy 13.1.0**

- 1.9 Any analytical information deemed helpful for setting capital priorities.

The District needs a greater level of detail and information for non-routine capital projects than for routine projects. For non-routine projects, the capital budget should thoroughly describe the impact on the operating budget, number of additional positions required, tax or fee implications, and other financial or service impacts.

- 2.0 Reporting on the Capital Budget. The District recognizes the importance of timely and accurate reporting on projects adopted in the capital budget. Management, Trustees, and citizens should all have the ability to review the status and expected completion of approved capital projects. Periodic reports will be issued routinely on all ongoing capital projects. The reports will compare actual expenditures to the original budget, identify level of completion of the project, and enumerate any changes in the scope of the project, and alert management to any concerns with completion of the project on time or on schedule.





**Capital Planning  
Capital Expenditures  
Practice 13.2.0**

**RELEVANT POLICIES: 1.1.0 Strategic Planning, 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets, 12.1.0 Multi-Year Capital Planning, and 13.1.0 Capital Project Budgeting**

**1.0 AUTHORITY**

Decision-making responsibilities and duties on capital projects shall be allocated by the General Manager to specific members of the IVGID staff as provided herein. The staff member so assigned may delegate "duties" to another, but shall remain "responsible" for their actions pertaining to the project.

A Project Manager will usually be a representative of the IVGID department which will acquire or construct the project. The Project Manager may seek the input or assistance of a representative of the IVGID department that will utilize the capital asset. A planner, analyst, designer, or construction representative usually reports to the Project Manager as an employee or through a contract for services.

**2.0 CAPITAL PROJECT FINANCING RESOURCES**

Financial management of capital projects is controlled through a system including the Multi-Year Capital Improvement Plan and each fiscal year's Capital Improvement Project Budget. The ability to pay for the costs of a project will be based on identifiable and predictable financing resources at the time of acquisition.

**2.1 Establishment.** A capital project's financing resources may be established by action of the Board of Trustees by the adoption of a Capital Project Report. Financing resources may be established for each fund; for each program; or for each project or group of projects. The preference is on each project to facilitate calculating the affects of each project on the Multi-Year Capital Improvement Plan.

**2.2 Status.** All financing resources identified and received for a Capital Improvement Project shall be held in cash or



**Capital Planning  
Capital Expenditures  
Practice 13.2.0**

investments and shall constitute an element of fund balance or net position until expended or released by an action of the Board of Trustees.

**2.3 Interest.** Investment earnings on a project's financing resources shall accrue to the project to the extent they were included in the Capital Improvement Project Data Sheet or are deemed needed for possible project cost adjustments. In any project where part of the financing resources came from bond proceeds, the investment earnings must be attached to the project in order to determine and comply with IRS arbitrage regulations.

**2.4 Expenditures.** Funds identified as financing resources may only be expended by action of the Board of Trustees according to the District's Capital Improvement Project Budget. Projects carrying over from one fiscal year to another are expected to be identified during each budget process to extend spending authority and facilitate completion of the construction or acquisition of the capital assets. The General Manager has the authority to redirect the design or specifications affecting up to an aggregate of \$50,000 if it does not exceed the total approved cost of the project.

**2.5 Exclusivity.** All financing resources identified for a project, are considered exclusively for expenditures related to that project. No expenditures or obligations shall be made related to that project which cumulatively exceeds the available balance in identifiable and predictable financing resources.

**2.6 Changes.** The amount of funds in identifiable and predictable financing resources may be increased or decreased by action of the Board of Trustees, provided that no decrease shall occur which causes the unexpended financing resources for any project to fall below the cumulative total of obligations outstanding pertaining to the project.



## Capital Planning Capital Expenditures Practice 13.2.0

- 2.7 Close-out.** Upon completion or termination of a project, the unexpended financing resources for that project may be closed out by the General Manager, except when a previous action by the Board of Trustees, designates where the unexpended amount, if any, shall be transferred.

### **3.0 PROJECT LIFE CYCLE**

Projects shall be managed in relation to the following typical project life cycle:

- 3.1 Definition.** The process of developing a document which describes a specific project, in terms of location, function, cost, and other parameters. Approval of a Capital Project Data Sheet means the project has been "**defined.**"
- 3.2 Planning.** The process of developing documents which identify the location and function of projects, in relation to other projects and existing facilities. Approval of a project plan document within an approved Capital Project Summary means the project has been "**planned.**"
- 3.3 Feasibility.** The process of analyzing the practicality of a project, in terms of capital financing and cost, operating revenue and cost, environmental and permit conditions, and other factors. Acceptance information stated on the Capital Project Data Sheet as a feasibility report, means the project has been "**justified.**"
- 3.4 Scheduling.** The process of developing an outline identifying the cost, timing and financing of the capital project. All capital project expenditures shall be evaluated through a Multi-Year Capital Improvement Plan and authorized for expenditure through a specific fiscal year's Capital Improvement Plan Budget. Inclusion of a project within an approved Multi-Year Capital Improvement Plan means the project has been "**scheduled.**"



**Capital Planning  
Capital Expenditures  
Practice 13.2.0**

- 3.5 Funding Identified.** The process by which funds are identified, as either planned or set aside to underwrite capital costs. Identification of predictable financing resources for inclusion of a project in a specific fiscal year's Capital Improvement Plan Budget means the project has been **"funded."**
  
- 3.6 Design/Specification.** The process of determining the size, specifications, acquisition/construction methods, and other factors prerequisite to construction or acquisition, including the selection of the designers. Approval of final design means the project has been **"designed."**
  
- 3.7 Construction/Acquisition.** The process entails constructing or acquiring a project's assets, including the selection of contractors or vendors. Approval of final payment means the project has been **"completed."**
  
- 3.8 Requirements.** All projects may not be subject to all phases, or be phased in the same order. However, all capital projects shall be defined. All capital projects shall be scheduled and have funding identified, prior to design/specification. All construction projects shall be planned. All construction projects shall be justified, prior to design/specification.

**3.8.1.0 Definition**

**3.8.1.1 Trustees Responsibility:** Relate District needs identified through the Strategic Plan to capital projects placed on the Multi-Year Capital Improvement Plan. **Duties:** Consider project definitions as part of Capital Improvement Project Budget submittal.

**3.8.1.2 General Manager Responsibility:** Ensure capital projects developed for consideration by the Board of Trustees relate to strategies and actions



**Capital Planning  
Capital Expenditures  
Practice 13.2.0**

developed under the District's Strategic Planning Process. **Duties:** Approve capital project definitions.

**3.8.1.3 Staff Duties:** Prepare an accurate and up to date Capital Project Data Sheet, containing statement of project cost, schedule, location, financing, and other factors.

**3.8.2.0 Planning**

**3.8.2.1 Trustees Responsibility:** Ensure adequate planning basis for capital improvement projects. **Duties:** Define general goals, constraints, and directions. Award and execute planning contracts according to Nevada Revised Statutes. Establish public input process. Review and approve final plan.

**3.8.2.2 General Manager. Responsibility:** Ensure all issues are addressed and plans are coordinated with the Multi-Year Capital Improvement Plan. **Duties:** Review and approve planning scope. Approve requests for proposals on consulting contracts. Approve planning methods and planning team. Provide guidance to Project Manager during planning.

**3.8.2.3 Project Manager. Responsibility:** Administration, quality and accuracy. **Duties:** Define specific objectives, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for planning team. Prepare planning contracts. Recommend approval for and executing planning contracts. Coordinate project with, public, staff, and General Manager. Review and approve progress reports, make substantive and procedural decisions during planning process, and



## Capital Planning Capital Expenditures Practice 13.2.0

recommend preferred alternatives and final plans to the General Manager and Board of Trustees.

**3.8.2.4 Engineering and Staff. Duties:** Provide input to planning scope, methods, analysis, conclusions, and recommendations.

**3.8.2.5 Planner Duties:** Conduct analysis and produce planning documents and reports, for review by Project Manager.

### **3.8.3.0 Feasibility**

**3.8.3.1 Trustees. Responsibility:** Ensure feasibility of capital improvement projects prior to design and construction. **Duties:** Determine when feasibility studies are required. Identify issues to be addressed. Award and execute consulting contracts according to Nevada Revised Statutes.. Review and accept the final "Capital Improvement Project Budget" as a basis for decision-making.

**3.8.3.2 General Manager. Responsibility:** Ensure critical issues are addressed and conservative approach to feasibility is applied. **Duties:** Review and approve study scope. Approve requests for proposals on consulting contracts. Approve study methods and team. Provide guidance to the Project Manager during study.

**3.8.3.3 Project Manager. Responsibility:** Administration, quality and accuracy. **Duties:** Define specific concerns, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for study team. Prepare study contracts. Recommend award and execute study contract. Coordinate project with, staff and General



## **Capital Planning Capital Expenditures Practice 13.2.0**

Manager. Review and approve progress reports, make substantive and procedural decisions during study process, and approve conclusions and recommendations.

**3.8.3.4 Finance, Engineering, and Staff. Duties:** Provide input to study contract, scope, methods, analysis, conclusions, and recommendations.

**3.8.3.5 Analyst. Duties:** Conduct analysis and produce study documents and reports for review by the Project Manager.

### **3.8.4.0 Scheduling**

**3.8.4.1 Trustees. Responsibility:** Prioritization and prudent investment of capital assets. **Duties:** Review and approve Multi-Year Capital Improvement Plan considering financing programs, priorities and needs and validity to proceed as scheduled. Approve project amendments and substitutions according to District purchasing policies.

**3.8.4.2 General Manager. Responsibility:** Validate scheduling in terms of sound financial planning and the ability to construct or acquire the capital assets. **Duties:** Review, revise and recommend capital improvement projects to the Board of Trustees.

**3.8.4.3 Engineering Staff. Responsibility:** Accuracy of cost projections and coordination of project scheduling. **Duties:** Identify capital project scheduling issues correlated to timing of expenditures and acquisition of the capital assets. Coordinate input of operating staff receiving the capital asset.



## Capital Planning Capital Expenditures Practice 13.2.0

**3.8.4.4 Finance Staff Responsibility:** Adequacy of identifiable and predictable financing resources to meet the timing of expenditures. **Duties:** Analyze alternative financing schemes and prepare capital financing program coordinated with appropriate Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

### **3.8.5.0 Funding**

**3.8.5.1 Trustees. Responsibility:** Adequate identifiable and predictable financial resources exist for the project prior to the approval to proceed. **Duties:** Establish appropriate identifiable predictable financing resources are available. Increase and decrease funding level.

**3.8.5.2 General Manager Responsibility:** Approve recommendations for project to proceed and increases in project financing resources beyond levels identified in Capital Project Report, prior to submitted to Board. **Duties:** Review updated financial analysis for the capital project with Finance Staff for adequate financing resources and cash flows. Approve close-out upon project termination or completion.

**3.8.5.3 Project Manager. Responsibility:** Accuracy. **Duties:** Assemble and update project cost estimates.

**3.8.5.4 Finance Staff. Responsibility:** Administration of project finances. **Duties:** Produce periodic report on capital project financing resources, obligations and expenditures. Recommend periodic action to establish, increase, decrease, and close out





**Capital Planning  
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financing resources. Consider the current affects of projects on the Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

**3.8.5.5 Engineering Staff. Duties:** Coordinate estimates of project cost for periodic funding report.

**3.8.6.0 Design/Specification**

**3.8.6.1 Trustees. Responsibility:** General oversight of project design and specifications. **Duties:** Award and execute design contract according to Nevada Revised Statutes. Review and accept regulatory permit conditions on construction projects, if \$50,000 or more.

**3.8.6.2 General Manager. Responsibilities:** Ensure design and specifications correlate to defined capital project. **Duties:** Approve design methods and team. Provide guidance to Project Manager during design. Review and approve final design/specification reports on projects. Review and accept regulatory permit conditions.

**3.8.6.3 Project Manager. Responsibility:** Administration, detailed oversight and design functionality. **Duties:** Prepare scope of services and requests for proposals for design services. Administer selection process for design team. Prepare design contracts. Recommend for award and execute design contracts. Assemble cost estimates; prepare project budget and budget revisions. Prepare project schedule and schedule revisions. Approve project budget and budget revisions. Approve project schedule and schedule revisions. Establish, execute, and administer arrangements for surveys, analysis, environmental



## **Capital Planning Capital Expenditures Practice 13.2.0**

studies, and other forms of technical support. Supervise designers. Establish functional and performance requirements. Coordinate activities of designers with the balance of the technical team, and operating staff. Present major design alternatives and issues. Provide direction to on major design alternatives and issues. Review and approve ongoing design reports and documents. Sign all regulatory permits and permit applications. Review, approve, and correct ongoing design reports and documents, including all technical specifications. Prepare construction contract forms. Assemble and submit regulatory permit applications and coordinate regulatory process. Approve all requests for payment.

**3.8.6.4 Designer Duties:** Analysis of design alternatives. Preparation of plans and specifications. Preparation of support material for permit applications, and other contract documents. Coordination of various members of the design team. Preparation of cost estimates.

### **3.8.7.0 Construction/Acquisition**

**3.8.7.1 Trustees. Responsibility:** General oversight of contract awards, major payments and acceptance of capital assets constructed or acquired. **Duties:** Award and execute construction/acquisition contract according to Nevada Revised Statutes. Approve change orders cumulatively exceeding 10% of construction contract or \$50,000, whichever is the greater.

**3.8.7.2 General Manager. Responsibility:** Ensure contracts and requests for payments submitted to the Board of Trustees for approval meet the



## **Capital Planning Capital Expenditures Practice 13.2.0**

requirements outlined in the Capital Improvement Project Budget. **Duties:** Approve change orders cumulatively not exceeding 10% of construction contract or \$50,000. Upon substantial completion, approve release of retention for Construction projects.

**3.8.7.3 Project Manager Responsibility:** Detailed oversight. **Duties:** Recommend award and execute construction/acquisition contracts. Recommend approval of change orders. Recommend release of retention to General Manager and Board of Trustees. Recommend approval of the final payment. Administer bid process. Recommend contract award. Coordinate final contract preparation, including insurance, bonding, and certificates. Establish, administer and execute arrangements for inspection and testing. Supervise construction representatives. Review all inspection, testing and construction observation reports. Serve as District's representative to contractor and regulatory agencies. Approve all shop drawings. Approve requests for equals. Approve all certificates for payment. Update construction schedule.

**3.8.7.4 Construction Representative. Duties:** Observe construction and testing. Prepare construction observation reports. Advise Project Manager of deficiencies when noted. Notify Project Manager of deviations from plans and specifications. Prepare and execute notice to proceed.

Exhibit "C"

**Incline Village General Improvement District  
Utility Fund  
Investment Earnings set aside for Phase II of Effluent Pipeline  
Compliance with Board Policy and Practice 13.2.0 2.3**

Fiscal Year	Expressed in Thousands - From CAFR				Pipeline Portion	% Pipeline	CAFR Investment Earnings	Pipeline Portion
	Cash	Short Term Investments	Long Term Investments	Total				
2013	\$ 418	2,300	5,115	7,833	2,683	34.25%	56	\$ 19
2014	427	950	7,065	8,442	5,251	62.20%	61	38
2015	340	1,000	9,075	10,415	6,506	62.47%	82	51
2016	79	7,826	3,624	11,529	7,900	68.52%	154	106
2017	1,796	6,797	3,985	12,578	9,405	74.77%	60	45
2018	6,764	1,190	3,453	11,407	8,662	75.94%	71	54
2019	4,366	2,248	5,527	12,141	9,657	79.54%	283	225
							<b>\$ 767</b>	<b>\$ 538</b>

August 24, 2020

Memorandum

To: IVGID Audit Committee

From: Clifford F. Dobler

Re: Burnt Cedar Pools - Construction in Progress Costs for fiscal year 2018/2019 - \$119,497.56

## Background

The fiscal year 2018/2019 CIP Budget provided \$75,000 to design and develop a project approach of replacing the underground piping and repairing water leaks in the main drains, skimmer and return lines. The pools were constructed in the mid 1960's.

Terracon was engaged on 9/6/2018 for \$25,000 to perform two tasks. The first task, for \$11,000, was a geophysical inspection of the pool shell and deck area to determine if a new gutter system could be installed. A report was issued on 12/8/2018 indicating that the existing pool and wading pool shells lack the required thickness to make proper structural repairs or alterations and the deck areas should be replaced to satisfy ADA compliance. The pool was drained for a short period of time to perform the inspection.

The second task, for \$14,000, was for design and development to replace the piping/mechanical equipment, resurface the existing pool and replace the decking. Apparently this task was never fully completed, however, was paid for presumably in error. On August 9, 2019 a breach of contract letter was issued to Terracon requesting the \$14,000 paid be returned to IVGID. This task was being performed between February and May of 2019.

Total paid invoices on the entire contact were \$23,600 during fiscal 2019 and the remaining \$1,400 was paid in fiscal 2020.

It appears that IVGID's efforts with Terracon may have been directed towards making alterations to the existing pool to upgrade perimeter piping, grade the pool bottom to reduce the depth and resurface the walls. The alterations were to be completed in fiscal 2020 at an estimated cost of \$800,000.

In mid April, 2019, IVGID was required to obtain a permit from the County of Washoe to operate the pools which required a minimum water exchange which apparently could not be met for the smaller pool. IVGID staff decided to replace the inflow and outflow piping from the larger pool's northern end to the mechanical room which included the smaller pool. At the same time another leak study was conducted to determine if leaks existed in the deep drains. Nothing was determined from the leak study. A contract/purchase order for \$77,700 was issued to Rapid Construction for the pipe replacement and an additional \$18,200 in IVGID staff charges were incurred.

The alteration plans were abandoned and in May 2019, IVGID Staff and Board of Trustees decided to build new pools including upgrades to the surrounding area rather than continue with alterations.

## **Accounting and Board Policy violations**

What are the issues regarding the 2019 Comprehensive Annual Financial Report and violation of Board Policies:

- 1) The \$119,497.56 should NOT have remained as Construction in Progress in the 2019 CAFR. All work was completed prior to the end of fiscal 2019 and there was no further work required.
- 2) In light of the decisions to develop and build a completely new pool, these costs should have been expensed immediately.
- 3) Board policies were violated as the Budget for fiscal 2018/2019 provided for design only of a new pool only. Repairs were not budgeted.
- 4) The contract with Rapid Construction for over \$77,000 required Board of Trustee approval in order to be in compliance with Board Policy 3.1 regarding Contracts

## **Conclusion**

The IVGID audit committee should include this memorandum to the long list of errors in the 2019 CAFR and instruct the Board of Trustees that expenses for repairs which have been capitalized should cease immediately. The true expenses of operating recreational venues are continually being distorted.

## **Exhibits**

Summary of charges to Construction in Progress for the Burnt Cedar Pool - 2019 CAFR

**RE: Public Records Request**

Fri, Aug 21, 2020 10:15 am

Herron, Susan (Susan\_Herron@ivgid.org) To: you Details

Dear Mr. Dobler,

This e-mail shall serve as IVGID's response to your records request dated August 14, 2020 which reads as follows:

Please provide for my examination a list of all charges for each vendor in detail and IVGID personnel charges for the period July 1, 2018 to June 30, 2019 for the Burnt Cedar Swimming and Toddler Pool Resurface and Mech. Improv. ACCOUNT # 3970BD2601 which totaled \$119,497 for the year.

Effective Date	Vendor	Vendor Invoice #	PO	Debit
11/24/2018	Terracon Consultants, Inc	TB41444	19-0075	2,500.00
01/01/2019	Terracon Consultants, Inc	TB50686	19-0075	1,400.00
01/01/2019	Terracon Consultants, Inc	TB29447	19-0075	9,900.00
01/31/2019	CIP Work Order Charges	January 2019		1,552.06
01/31/2019	CIP Engineering Charges	January 2019		2,500.00
02/25/2019	Terracon Consultants, Inc	TB73989	19-0075	2,800.00
02/28/2019	CIP Engineering Charges	February 2019		1,400.00
03/01/2019	Terracon Consultants, Inc	TB62405	19-0075	4,200.00
03/31/2019	CIP Work Order Charges	March 2019		1,304.28
03/31/2019	CIP Engineering Charges	March 2019		2,300.00
04/22/2019	Terracon Consultants, Inc	TB95471	19-0075	2,800.00
04/30/2019	CIP Work Order Charges	April 2019		315.99
04/30/2019	Interco - Buildings - Charges	April 2019		3,116.80
04/30/2019	CIP Engineering Charges	April 2019		4,500.00
05/24/2019	Zoro Tools Inc.			118.92
05/31/2019	CIP Engineering Charges	May 2019		1,100.00
06/01/2019	Rapid Construction, Inc	3422	19-0210	10,673.18
06/01/2019	Rapid Construction, Inc	1 PO 19-0210	19-0210	67,016.33
				<u>119,497.56</u>

The above list completes your records request in its entirety.

Susan

**From:** [cfdobler@aol.com](mailto:cfdobler@aol.com) [mailto:[cfdobler@aol.com](mailto:cfdobler@aol.com)]  
**Sent:** Friday, August 14, 2020 5:44 PM  
**To:** Herron, Susan <[Susan\\_Herron@ivgid.org](mailto:Susan_Herron@ivgid.org)>  
**Subject:** Public Records Request

Please provide for my examination a list of all charges for each vendor in detail and IVGID personnel charges for the period July 1, 2018 to June 30, 2019 for the Burnt Cedar Swimming and Toddler Pool Resurface and Mech. Improv. ACCOUNT # 3970BD2601 which totaled \$119,497 for the year.

Clifford F. Dobler

Terracon Consultants	\$23,600.00
CIP Work Orders	\$ 3,172.33
IVGID Engineering	\$11,800.00
Interco - Building	\$ 3,116.80
Other	\$ 118.92
Rapid Construction	<u>\$ 77,689.51</u>
Total	\$119,497.56



# Additional materials for Item D.8.b.

POINT #22 (Revised)

Memorandum

November 15,2020

To: IVGID Audit Committee and Paul Navazio

From: Clifford F. Dobler

Re: Required reclassification of revenues collected from customers. for the specific purpose of replacing the Effluent Pipeline - Phase II

For eight fiscal years, since 2013, the IVGID Board of Trustees have authorized collection from customers \$2,000,000 per year in sewer rates which was to be set aside for the eventual replacement of 6 miles of effluent pipeline, known as the Effluent Pipeline Phase II project. In effect, the collection of money was to finance a future project and should have been characterized as NON operating revenue. Since the collection was nothing more than a financing mechanism the collections could not have been considered operating revenues. As a result, operating income, for the past 8 fiscal years, has been overstated by \$16,000,000.

GASB #34 paragraph 102 provides the required clarity on the classification of revenues: "*Transactions for which cash flows are reported as capital and related financing activities ..... normally would not be reported as components of operating income.*"

IVGID had a choice of either financing the Effluent Pipeline Phase II project by the issuance of debt or collecting money in advance from customers. IVGID chose the latter. This method of financing used by IVGID is untraditional as the financial burden is placed on current users for a project which could last 50 to 100 years into the future. Bad business and an unfair treatment of existing customers.

Why does this reclassification matter? The IVGID Utility Fund is an enterprise fund and generates substantially all of its revenues by charges to customers which are designed to recover its costs (which includes depreciation and debt service) .

In order to determine what annual sewer rates customer should have been charged for operations , it was important to keep operating revenues clear of any capital project financing.

Exhibit "A" is a summary of the past 8 years (2013 to 2020) of CAFR's statements of revenues, expenses and changes in net position for the Utility Fund. Combined operating revenues were reported as \$91,301,209 with **operating income** reported as \$13,107,487. It would appear that the Utility Fund had achieved success in recovering its operating expenses. Not so.

As indicated on Exhibit "B" , if the \$16,000,000 collected from customers which was set aside for the future pipeline project was properly classified as a non operating revenue, the Utility Fund did not recover operating expenses over the eight year period and had combined operating LOSSES of \$2,892,513.

As a result of this poor accounting, the Utility Fund unrestricted net position (after restricting the collected funds for the pipeline) fell far below the IVGID Board Policy of an appropriate level of "fund balance" and has operated for several years without any required working capital (unless the pipeline money was included in the calculation).

This improper accounting has vastly misstated the Utility Fund operations. An in depth audit of the entire Utility Operations and Capital costs should be conducted based on the various memorandums of irregularities in accounting, capitalization techniques and contract administration.

Exhibit A - Utility Fund Revenues, Expenses and Changes in Net Position for 2013 to 2020

Exhibit B - Utility Fund Revenues, Expenses, and Changes in Net Position for 2013 to 2020 ADJUSTED TO RECLASSIFY \$16,000,000 ANNUAL COLLECTION OF MONEY SPECIFIED FOR THE EFFLUENT PIPELINE PHASE II AS NON OPERATING REVENUES.

Exhibit C - GASB #34 - paragraph 102

PS : This memorandum replaces the July 14, 2020 memorandum which was withdrawn in September after consultation with other professionals it was determined that the accounting method suggested was not appropriate.

# Incline Village General Improvement District

## EXHIBIT "A"

Utility Fund Revenues, Expenses and change in Net Position  
As Audited and Reported  
Fiscal years ending June 30, 2013-2020

### AS REPORTED

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	Draft <u>2020</u>	<u>Total</u>
Revenues	\$ 9,767,475	10,434,118	10,851,123	11,158,119	11,813,169	11,925,557	12,787,182	12,564,466	\$ 91,301,209
Total Operating Revenues	9,767,475	10,434,118	10,851,123	11,158,119	11,813,169	11,925,557	12,787,182	12,564,466	91,301,209
Operating Expenses	(8,480,954)	(9,029,675)	(9,415,760)	(9,733,565)	(9,729,775)	(10,113,371)	(10,428,137)	(11,262,485)	(78,193,722)
Operating Income (Loss)	1,286,521	1,404,443	1,435,363	1,424,554	2,083,394	1,812,186	2,359,045	1,301,981	13,107,487
Non Operating Revenues (Expenses)									
Investment Earnings	55,666	61,007	81,996	154,162	60,132	77,280	282,484	298,225	1,070,952
Gain or (Loss) on sale of assets	17,856	25,875	(34,499)	42,764	17,730	50,020	15,066	(19,184)	115,628
Extraordinary Expense		(30,587)		(47,600)					(78,187)
Interest on Bonds	(186,608)	(193,123)	(180,505)	(167,530)	(154,186)	(140,463)	(126,351)	(111,838)	(1,260,604)
Total Non Operating Revenues (Expenses)	(113,086)	(136,828)	(133,008)	(18,204)	(76,324)	(13,163)	171,199	167,203	(152,211)
Transfers In (Out) and Capital Grants	2,013,853	461,994	329,705		425,509	319,934	120,000	45,000	3,715,995
<b>Change in Net Position- Increase (Decrease)</b>	<b>\$ 3,187,288</b>	<b>1,729,609</b>	<b>1,632,060</b>	<b>1,406,350</b>	<b>2,432,579</b>	<b>2,118,957</b>	<b>2,650,244</b>	<b>1,514,184</b>	<b>\$ 16,671,271</b>

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**(1) REVENUES FOR FISCAL 2019 WERE INFLATED BY RECOGNIZING HISTORICALLY DEFERRED REVENUES AS CURRENT REVENUES - \$417,402 NOT GAAP**

# Incline Village General Improvement District

## EXHIBIT "B"

Utility Fund Revenues, Expenses and change in net position

ADJUSTED TO RECLASSIFY \$16,000,000 ANNUAL COLLECTION OF MONEY SPECIFIED FOR THE EFFLUENT PIPELINE PAHFE II AS NO OPERATING INCOME

Fiscal years ending June 30, 2013-2020

	<b>ADJUSTED</b>								
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>	<u>Total</u>
Revenues as Reported	\$ 9,767,475	10,434,118	10,851,123	11,158,119	11,813,169	11,925,557	12,787,182	12,564,466	\$ 91,301,209
Adjustment for Advanced Collectons	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(16,000,000)</u>
Adjusted Revenues	7,767,475	8,434,118	8,851,123	9,158,119	9,813,169	9,925,557	10,787,182	10,564,466	\$ 75,301,209
Operating Expenses - as Reported	<u>(8,480,954)</u>	<u>(9,029,675)</u>	<u>(9,415,760)</u>	<u>(9,733,565)</u>	<u>(9,729,775)</u>	<u>(10,113,371)</u>	<u>(10,428,137)</u>	<u>(11,262,485)</u>	<u>(78,193,722)</u>
Adjusted Operating Income (Loss)	<u>\$ (713,479)</u>	<u>(595,557)</u>	<u>(564,637)</u>	<u>(575,446)</u>	<u>83,394</u>	<u>(187,814)</u>	<u>359,045</u>	<u>(698,019)</u>	<u>(2,892,513)</u>
Non Operating Revenues (Expenses)									
Collections for long term capital project	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	\$ 16,000,000
Investment Earnings	55,666	61,007	81,996	154,162	60,132	77,280	282,484	298,225	1,070,952
Gain or (Loss) on sale of assets	17,856	25,875	(34,499)	42,764	17,730	50,020	15,066	(19,184)	115,628
Extraordinary Expense		(30,587)		(47,600)					(78,187)
Interest on Bonds	<u>(186,608)</u>	<u>(193,123)</u>	<u>(180,505)</u>	<u>(167,530)</u>	<u>(154,186)</u>	<u>(140,463)</u>	<u>(126,351)</u>	<u>(111,838)</u>	<u>(1,260,604)</u>
Total Non Operating Revenues (Expenses)	<u>1,886,914</u>	<u>1,863,172</u>	<u>1,866,992</u>	<u>1,981,796</u>	<u>1,923,676</u>	<u>1,986,837</u>	<u>2,171,199</u>	<u>2,167,203</u>	<u>15,847,789</u>
Transfers in (Out) and Capital Grants	<u>2,013,853</u>	<u>461,994</u>	<u>329,705</u>		<u>425,509</u>	<u>319,934</u>	<u>120,000</u>	<u>45,000</u>	<u>3,715,995</u>
<b>Change in Net Position - Increase (Decrease)</b>	<u>\$ 3,187,288</u>	<u>1,729,609</u>	<u>1,632,060</u>	<u>1,406,350</u>	<u>2,432,579</u>	<u>2,118,957</u>	<u>2,650,244</u>	<u>1,514,184</u>	<u>\$ 16,671,271</u>

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**(1) REVENUES FOR FISCAL 2019 HAVE BEEN INCREASED BY RECOGNIZING HISTORIC UNEARNED REVENUES AS CURRENT REVENUES - \$417,402 NOT GAAP**

## GASB #34

***Defining operating revenues and expenses***

102. Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, disclose it in the summary of significant accounting policies, and use it consistently from period to period. A consideration for defining a proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows using Statement 9. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would *not* be reported as components of operating income.<sup>42</sup> This includes most revenues considered to be nonexchange and exchange-like, such as tax revenues and, in some cases, fees and charges (such as passenger facilities charges).

***Reporting capital contributions and additions to permanent and term endowments***

103. All proprietary fund revenues, including capital contributions and additions to permanent and term endowments, should be reported in the statement of revenues, expenses, and changes in fund net assets. As discussed in paragraphs 100 and 101, capital contributions and additions to permanent and term endowments should be reported after nonoperating revenues and expenses. Revenue recognition for these and all other nonexchange revenues should be based on the requirements of Statement 33. Net assets resulting from certain capital contributions may be required to be reported as invested in capital assets net of related debt, as discussed in paragraph 33. Paragraph 35 provides that restricted net assets should be separated into expendable and nonexpendable subcategories when net assets arise from additions to permanent endowments.

In a way the pipeline set aside is a term endowment.

***Required reconciliations***

104. Generally, the amounts reported as net assets and changes in net assets in the proprietary fund financial statements for total enterprise funds will be the same as net assets and changes in net assets of business-type activities in the government-wide statement of activities. However, if there are differences (for

<sup>42</sup>Revenue and expense transactions normally classified as other than operating cash flows from operations in most proprietary funds may be classified as operating revenues and expenses if those transactions constitute the reporting proprietary fund's principal ongoing operations. For example, interest revenue and expense transactions should be reported as operating revenue and expense by a proprietary fund established to provide loans to first-time homeowners.

Pipeline is not a principal activity

D.8. – Review, discuss, and possibly take action related to the following communications that have been received and are included: (Requesting Audit Committee Member: Audit Committee Chairman Matthew Dent)

c. November 6, 2020 email communication regarding Air Relief Valves from Audit Committee Member at Large Cliff Dobler

**From:** [cftobler@aol.com](mailto:cftobler@aol.com)  
**To:** [Herron, Susan](#); [Tim Callicrate](#); [Winquest, Indra S.](#); [Matthew Dent](#)  
**Subject:** Memo to Audit Committee - for Distribution  
**Date:** Friday, November 6, 2020 4:13:53 PM  
**Attachments:** [Utility Fund - CD memo to Audit Committee Air Relief Values charged to Effluent Pipeline 1.pdf](#)

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Attached is my review of the \$643,400 charged to the Effluent Pipeline Phase II project for 'Air Relief Values'. I respectfully ask Susan Herron to distribute to each Audit Committee Member the memo and include the memo on the next Audit Committee meeting agenda.

Thanks to Susan Herron for her swift and vigorous effort in having the list of charges assembled for this massive unbudgeted expenditure.

Thanks



November 6, 2020

To: Audit Committee (for distribution by Susan Herron) , Indra Winquest and Tim Callicrate

From: Clifford F. Dobler

Re: Installation of Air Relief Valves on Effluent Pipeline

At the public meeting held on January 29, 2020, a presentation on the Effluent Pipeline was presented indicating that between 2012 and 2019 fiscal years \$5,146,100 had been charged to the Effluent Pipeline Phase II project.

Of special note was the \$643,400 indicated as spent on Installing Air Relief Valves on the Export Pipeline which was never budgeted nor ever part of the Effluent Pipeline Phase II project.

In August, I requested public records which would support the \$643,100 of charges. I received 8 pages of information today. I summarized the 8 pages onto Page 2 with amounts for broad categories in GREEN.

My preliminary review provides a few highlights.

- Charges covered a FIVE year period from fiscal year 2015/2016 to 2019/2020
- Information was provided on only \$567,408.61. The remainder of \$75,670.25 was listed as *unidentified*. In other words the charges were there but unknown what they were.
- Work orders for IVGID staff (assume to be Utility employees) was \$191,632.14 with an additional \$36,764.48 in charges from the Engineering department.
- There are several payments to a host of vendors from Home Depot, Ace Hardware, Western Nevada Supply, Spitsen Lumber, Porter's Auto Parts, among others. A very extensive list.
- There is \$24,300 for a vault, \$29,769 for repair of a USFS access road, \$8,745 paid to Far Western Anthropological Group, and \$7,934 paid to Susan Lindstrom (an Archeologist)

When charges from Ace Hardware and Home Depot get down to \$3.68 and \$5.76 then where is the efficiency?

It appears this assemblage of charges was a "catch all" for many expenses and probably other projects. There may be several charges for the Wetlands rehab. The costs of the Wetlands project, by the magic of accounting, came right in on the \$100,000 budget in fiscal 2018/2019.

Of grave concern is the capitalization of Utility Departments labor. Without any budget, labor costs have been moved from operations into capital projects. There is no Board policy which allows such action nor any indication in budgets that operating dollars would be transferred into an unbudgeted capital project and into another unrelated project budget. Bad stuff.

The gravest concern, of course, is the unaccounted \$75,670.25 (\$31,786.17 in 2018/2019 and \$43,904.08 in 2016/2017) which was reported as spent but no one seems to know what the money was actually spent on. Were journal entries created to dump more costs into the Pipeline project or what?

Over the past five years it has become quite apparent that the Utility Fund operations and capital projects have been severely mismanaged. I would recommend a full detailed audit for the past five years to determine what capital project costs should have been expensed to determine the extent of disguising losses in operating the Utility Water and Sewer Departments.

Exhibits:

Effluent Export Priority Projects CIP Project Expenditures - Page 1

Public Records of Charges by the past 5 fiscal years. - Pages 2 to 8

# Effluent Export Priority Projects

## CIP Project Expenditures

Vendor/Item/Description	Expenditure
HDR Engineering Services	\$723,000
PICA – Condition Assessment	\$999,800
Equipment, construction and rentals associated with PICA Condition Assessment	\$334,000
NDOT Contract to repair 13 sites in 2017 (BOT 08/22/2017)	\$1,151,600
Environmental Assessment performed by USFS for TTD Bike Path with Pipeline (BOT 11/19/2014)	\$300,000
Installation of Air Relief Valves on Export Pipeline	\$643,400
IVGID Engineering Billings 2013-19	\$895,500
Export Pipeline Meters and equipment	\$86,500
Jacobs Engineering Services for Upper Pond TM	\$12,300
<b>2012 2019 CIP Expenses Total</b>	<b>\$5,146,100</b>

2018/2019 2019/2020

Effective Date	Vendor	Vendor Invoice #	PO	Project	Debit
07/31/2019	CIP Work Order Charges	July 2019		2524SS1010	745.57
09/11/2019	Big Bully Enterprises	1833		2524SS1010	720.00
09/30/2019	CIP Work Order Charges	September 2019		2524SS1010	692.93
					2,158.50

745.57

692.93

\$1,438.50

### Summary

Summary	Info Provided		Labor	Engineering Labor
2019/2020	\$2,158.50		1,438.50	0
2018/2019	\$194,515.83	Unidentified \$31,766.17	\$75,706.31	\$36,764.48
2017/2018	\$204,953.22		\$58,733.67	
2016-2017	\$146,611.92	Unidentified \$43,904.08	\$49,552.49	
2015-2016	\$19,169.14		\$6,111.17	
<b>Total</b>	<b>\$567,408.61</b>		<b>\$191,632.14</b>	<b>\$36,764.48</b>
<b>Combined</b>	<b>\$643,078.86</b>			
Pipeline Presentation in January 2020	\$643,400			

\$75,670.25

Need to find the missing money

Close enough for government work.

				ARV Total \$226,592
Effective Date	Vendor	Vendor Invoice #	PO	Debit
07/09/2018	F.W. Carson Trucking	4844		187.50
07/10/2018	F.W. Carson Co	70768		66.50
07/11/2018	F.W. Carson Trucking	4849		312.50
07/12/2018	MSC Industrial Supply Co.	71016869		363.36
07/27/2018	America Rents - Carson			173.75
07/31/2018	CIP Work Order Charges	July 2018		10,066.40
07/31/2018	Village Ace Hardware	4244-JULY 2018		46.10
08/08/2018	Western Nevada Supply	17545719		284.00
08/16/2018	ARMAC Construction, LLC	18-096-01	19-0030	7,086.00
08/20/2018	Western Nevada Supply	17551473	19-0057	1,653.88
08/22/2018	Western Nevada Supply	17551475	19-0057	7,077.66
08/23/2018	Western Nevada Supply	17545727		209.93
08/24/2018	Western Nevada Supply	17551473-1	19-0057	67.50
08/29/2018	Western Nevada Supply	17574192		578.80
08/31/2018	CIP Work Order Charges	August 2018		3,752.11
08/31/2018	CIP Work Order Charges	August 2018		1,492.20
09/02/2018	Western Nevada Supply	17575996		142.32
09/06/2018	MSC Industrial Supply Co.	89091209		97.14
09/12/2018	Western Nevada Supply	17551472		2,075.07
09/13/2018	United Site Services	114-7337777		367.27
09/13/2018	Western Nevada Supply	17592555		159.84
09/21/2018	Jensen Precast	SP49043		417.00
09/25/2018	Spitsen Lumber Company	41810-SEPT2018		336.07
09/25/2018	Porter's Auto Parts, Inc	4046-SEPT 2018		151.46
09/27/2018	The Home Depot			28.94
09/27/2018	United Site Services			367.27
09/27/2018	The Home Depot			18.94
09/30/2018	Village Ace Hardware	4244-SEPT 2018		231.97
09/30/2018	CIP Engineering Charges	September 2018		36,764.48
10/01/2018	America Rents			3,390.54
10/16/2018	F.W. Carson Trucking	5011		250.00
10/19/2018	Cashman Equipment Compa	16684501		844.30
10/24/2018	F.W. Carson Trucking	5031		250.00
10/25/2018	Spitsen Lumber Company	41810-OCT2018		66.81
10/31/2018	CIP Work Order Charges	October 2018		11,636.77
10/31/2018	Village Ace Hardware	4244-OCT 2018		52.61
11/30/2018	CIP Work Order Charges	November 2018		541.98
12/01/2018	Susan Lindstrom, Consulting	20181201	18-0187	6,300.00
12/01/2018	Susan Lindstrom, Consulting	20181201	18-0187	1,634.00
12/14/2018	F.W. Carson Trucking	5094		875.00
12/18/2018	F.W. Carson Trucking	5096		437.50
12/21/2018	Global Machinery	06030185		2,869.64
12/21/2018	F.W. Carson Trucking	5097		875.00
12/26/2018	Cinderlite Trucking Corp	300971		60.00
12/27/2018	Western Nevada Supply	47713633		349.98
12/31/2018	CIP Work Order Charges	December 2018		11,230.71
01/14/2019	F.W. Carson Trucking	5107		500.00
01/15/2019	Western Nevada Supply	17729970		310.25
01/18/2019	F.W. Carson Trucking	5105		500.00
01/19/2019	F.W. Carson Trucking	5106		500.00
01/25/2019	The Home Depot			5.76
01/26/2019	Carson Pump LLC	4259	19-0148	9,650.00
01/31/2019	CIP Work Order Charges	January 2019		4,566.82
01/31/2019	Village Ace Hardware	4244-JAN 2019		10.14

10,066.40

3,752.11

1,492.20

11,636.77

541.98

11,230.71

4,566.82

02/28/2019	CIP Work Order Charges	February 2019		812.97
03/20/2019	F.W. Carson Co.	19-03 App 1	19-0191	21,850.00
03/31/2019	CIP Work Order Charges	March 2019		3,462.54
05/21/2019	Western Nevada Supply	17870584		285.37
05/31/2019	Western Nevada Supply	17870587		1,306.83
05/31/2019	CIP Work Order Charges	May 2019		1,204.29
06/03/2019	F.W. Carson Trucking	5255		250.00
06/04/2019	Cinderlite Trucking Corp	308731		57.00
06/05/2019	Cinderlite Trucking Corp	308919		28.50
06/06/2019	Western Nevada Supply	17892246		102.11
06/06/2019	Western Nevada Supply	17890038		71.20
06/07/2019	Western Nevada Supply	17893426		416.04
06/12/2019	Waters Vacuum Truck Service	9442		2,945.00
06/11/2019	Cinderlite Trucking Corp	309340		71.25
06/19/2019	America Rents Inc	47261-2		1,107.64
06/20/2019	Waters Vacuum Truck Service	9556		950.00
06/20/2019	F.W. Carson Trucking	5286		375.00
06/21/2019	Cinderlite Trucking Corp	310259		75.40
06/27/2019	The Home Depot			53.76
06/27/2019	The Home Depot			73.96
06/30/2019	Village Ace Hardware	4241 -JUNE 2019		3.68
06/30/2019	CIP Work Order Charges	June 2019		27,029.52
				194,815.83
				5194,815.83
				(226,592.00)
		Unidentified Items		(31,776.17)

Effective Date	Description	Vendor	Vendor Invoice #	PO	Debit	Credit	Balance
							ARV Total \$204,954
07/05/2017	Export line air relief valve replacement	Ferguson Waterworks - 1423	1276216	17-0285	8,000.69		
07/26/2017	10 air relief valves for the export line	T & T Valve & Instrument, Inc.	53233	17-0320	21,440.00		
07/26/2017	Freight	T & T Valve & Instrument, Inc.	53233	17-0320	750.00		
07/31/2017	armorcast vault w torsion eff lid	Ferguson Waterworks - 1423	1276240		24,300.00		
07/31/2017	CIP Work Order Charges - July 2017	CIP Work Order Charges	July 2017		2,248.98		
08/24/2017	1x3 river rock	Cinderliffe Trucking Corp	276081		224.00		
08/29/2017	river rock 8 yard	Cinderliffe Trucking Corp	276347		224.00		
08/31/2017	17-980				50.00		
08/31/2017	river rock 8 yard	Cinderliffe Trucking Corp	276279		224.00		
08/31/2017	river rock 16 yard	Cinderliffe Trucking Corp	276287		448.00		
08/31/2017	bal due per 8/31/17 statement	United Rentals (North America, Inc)	1497251294-001		969.84		
08/31/2017	THE HOME DEPOT #3312	The Home Depot			87.52		
08/31/2017	CIP Work Order Charges - August 2017	CIP Work Order Charges	August 2017		5,161.55		
08/31/2017	CIP Work Order Charges - August 2017	CIP Work Order Charges	August 2017		1,158.19		
08/31/2017	August 2017 in-store charges for 4244	Village Ace Hardware	20170831-stml-4244		32.70		
09/25/2017	Insulated ARV cover	Big Bully Enterprises	1710		2,076.00		
09/30/2017	CIP Work Order Charges - September 2017	CIP Work Order Charges	September 2017		561.28		
09/30/2017	CIP Work Order Charges - September 2017	CIP Work Order Charges	September 2017		1,970.90		
10/04/2017	vlv, spools, flg, vlv box	Western Nevada Supply	17188417		1,748.81		
10/04/2017	hole saw carbide tip, ergo grip saw, pit	MSC Industrial Supply Co.	C61883468		229.42		
10/05/2017	FxF DI Spool	Western Nevada Supply	17188417-1		236.47		
10/10/2017	mini excavator rental	Sunbelt Rentals	73008018-0001		930.00		
10/12/2017	CONE, SIGN, TRAFFIC CONTROL, FLAGGER	Silver State Barricade & Sign, Inc.	95610		795.71		
10/12/2017	di ss tappg slv	Western Nevada Supply	17188525		1,760.31		
10/26/2017	OCT 2017 in store chgs	Spitsen Lumber Company	41810-OCT 2017		45.69		
10/31/2017	CIP Work Order Charges - October 2017	CIP Work Order Charges	October 2017		14,218.56		
10/31/2017	CIP Work Order Charges - October 2017	CIP Work Order Charges	October 2017		5,224.57		
11/17/2017	if 2 brs 90 ell	Western Nevada Supply	17242599		284.76		
11/17/2017	if 2-1/2 x 2 brs bush	Western Nevada Supply	17242231		99.36		
11/17/2017	excavator rental for project	Cashman Equipment Company	15854101		1,182.95		
11/22/2017	svcs rendered 7/20/17 for job# 17001-09	FARR Construction CORP Dba.Re	11222017		4,620.00		
11/30/2017	CIP Work Order Charges - November 2017	CIP Work Order Charges	November 2017		5,369.65		
11/30/2017	CIP Work Order Charges - November 2017	CIP Work Order Charges	November 2017		6,560.39		
12/01/2017	Transport backhoe 11/3/17	F.W. Carson Trucking	4645		437.50		
12/16/2017	semi transport rental	F.W. Carson Trucking	4628		281.25		
12/16/2017	semi transport rental	F.W. Carson Trucking	4633		312.50		
12/27/2017	Clear, grade out access CIP#2524SS1010	Burdick Ex Co, Inc.	Prop#1 12272017		2,908.09		
12/31/2017	CIP Work Order Charges - Dec. 2017 - Work Or	CIP Work Order Charges	December 2017		522.78		
12/31/2017	CIP Work Order Charges - Dec. 2017 - Work Or	CIP Work Order Charges	December 2017		2,244.83		
12/31/2017	Acct#4244 - DECEMBER '17 In-Store Charge	Village Ace Hardware	4244-December 2017		24.28		
01/30/2018	armorcast 30x40 torsion frm&cvr	Ferguson Waterworks - 1423	1328719		1,635.00		
01/31/2018	CIP Work Order Charges - January 2018	CIP Work Order Charges	January 2018		981.18		
04/10/2018	Effluent Export Line, Phase II; 8 air re	T & T Valve & Instrument, Inc.	54553	18-0288	18,217.87		
04/11/2018	5 axle semi-truck rental	F.W. Carson Trucking	4736		375.00		
04/13/2018	TNS-44507 Permit fee	State of Nevada-NDEP/BWPC	04132018		250.00		
04/13/2018	5 axle semi-truck rental	F.W. Carson Trucking	4737		500.00		
04/14/2018	insulated ARV covers	Big Bully Enterprises	1747		1,480.00		
04/24/2018	pvc union buna & sxm adptr	Ferguson Waterworks - 1423	1364899		37.73		
04/25/2018	returned pvc union buna & sxm sdptr	Ferguson Waterworks - 1423	CM114930			37.73	
04/26/2018	Effluent Export Line Phase II, Quote B33	Ferguson Waterworks - 1423	1360258	18-0291	5,186.88		
04/27/2018	THE HOME DEPOT #3309	The Home Depot	DEPOT #3309		99.92		
04/30/2018	CIP Work Order Charges - April 2018	CIP Work Order Charges	April 2018		4,627.45		
04/30/2018	CIP Work Order Charges - April 2018	CIP Work Order Charges	April 2018		2,666.28		
04/30/2018	April 2018 In-Store Chgs - Acct# 4244	Village Ace Hardware	4244-APRIL 2018		71.35		
05/22/2018	CIP 2524SS1010 Refund from USDA/FS	USDA/FS	FS-REFUND			3,669.25	
05/31/2018	CIP Work Order Charges - May 2018	CIP Work Order Charges	May 2018		171.26		
05/31/2018	CIP Work Order Charges - May 2018	CIP Work Order Charges	May 2018		1,074.95		

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06/20/2018	Effluent Export Line Phase II, Quote B33	Ferguson Waterworks - 1423	1360257	18-0291	17,600.00		
06/26/2018	Repair USFS access roadway over the expo	ARMAC Construction, LLC	18-073-01	18-0383	29,769.00		
06/30/2018	CIP Work Order Charges - June 2018	CIP Work Order Charges	June 2018		2,012.60		
06/30/2018	CIP Work Order Charges - June 2018	CIP Work Order Charges	June 2018		1,938.20		
					208,660.20	3,706.98	204,953.22

2018 (M)  
2018 (M)



					ARV Total \$190,516			
EFFECTIVE DATE	DESCRIPTION	VENDOR	VENDOR INVOICE#	PO	DEBIT	CREDIT	BALANCE	
08/23/2016	CIP #2524SS1010 - Fire hyd meter body, h	National Meter & Automation, Inc.	S1075306.001		801.04			
09/20/2016	Materials -CIP 2524SS1010	Western Nevada Supply	16764192		816.57			
09/20/2016	CIP 2524SS1010 - DI Spools	Western Nevada Supply	16764193		617.87			
09/27/2016	CIP #2524SS1010 - signs, cones, flagger	Silver State Barricade & Sign, Inc.	88472		795.71			
09/30/2016	CIP Work Order Charges - September 2016	CIP Work Order Charges	September 2016		1,867.65			
10/01/2016	Village Ace Hardware	Village Ace Hardware			102.87			
10/04/2016	14 Air relief valve for export line in t	T & T Valve & Instrument, Inc.	51745	17-0075	21,168.00			
10/04/2016	Freight	T & T Valve & Instrument, Inc.	51745	17-0075	357.55			
10/18/2016	SIP #2524SS1010 - Export line ARV suppli	Ferguson Waterworks - 1423	1213037	17-0073	12,369.43			
10/25/2016	CIP 2524SS1010 Hwy 28 - Traffic Control	Silver State Barricade & Sign, Inc.	89225		428.36			
10/26/2016	CIP #2524SS1010 - flagger service - 8 hr	Silver State Barricade & Sign, Inc.	89345		360.00			
10/31/2016	41810 - OCT 2016 in store chgs	Spitsen Lumber Company	41810-OCT 2016		54.89			
10/31/2016	#4244 - OCT 2016 in store chgs	Village Ace Hardware	#4244 - OCT 2016		78.87			
10/31/2016	#4244 - OCT 2016 in store chgs	Village Ace Hardware	#4244 - OCT 2016		54.74			
10/31/2016	Work Order # 7434	Work Order #7434			1,559.41			
11/08/2016	CIP 2524SS1010 - Materials	Western Nevada Supply	16825683		387.04			
11/09/2016	Export line ARV supplies	Ferguson Waterworks - 1423	1213037-1	17-0073	23,940.00			
11/10/2016	Export line valve and FCAs.	Western Nevada Supply	16826594	17-0131	6,815.54			
11/01/2016	Village Ace Hardware	Village Ace Hardware			110.06			
11/22/2016	CIP 2524SS1010 - Export Materials	Western Nevada Supply	46838717		461.42			
11/22/2016	CIP 2524SS1010 - Materials	Western Nevada Supply	46840278		91.98			
11/22/2016	CIP 2524SS1010 - straight pipe wrench	Grainger, Inc.	9282922740		183.38			
11/22/2016	CIP #2524SS1010 - Export line valve and	Western Nevada Supply	16826974	17-0131	1,369.80			
11/29/2016	CIP 2524SS1010 - Materials	Western Nevada Supply	16833991		486.85			
11/29/2016	CIP 2524SS1010 - Materials	Western Nevada Supply	16834017		3,010.80			
11/29/2016	CIP #2524SS1010 - 1-1/2 PVC S80 SXS unio	Ferguson Waterworks - 1423	1231461		70.34			
11/29/2016	CIP #25424SS1010 - brs nip gbl, coupler,	Ferguson Waterworks - 1423	1231371		741.20			
11/30/2016	NOV 2016 in store chgs	Spitsen Lumber Company	NOV 2016		40.83			
11/30/2016	CIP Work Order Charges - November 2016	CIP Work Order Charges	November 2016		7,084.87			
11/30/2016	CIP Work Order Charges - November 2016	CIP Work Order Charges	November 2016		1,018.66			
12/06/2016	CIP 2524SS1010 Materials	Western Nevada Supply	16850620		209.55			
12/13/2016	CIP 2524SS1010 - Materials	Western Nevada Supply	16857833		50.30			
12/20/2016	CIP 2524SS1010 Materials	Western Nevada Supply	16867226		456.68			
12/20/2016	Mini Excavator Rental	United Rentals (North America, Inc.)	142666036-001		612.97			
12/20/2016	CIP 2524SS1010 Mini Excavator	United Rentals (North America, Inc.)	142787252-001		976.93			
12/20/2016	Export line valve and FCAs.	Western Nevada Supply	16827143	17-0131	300.84			
12/30/2016	CIP 2524SS1010 - Type 2 Class B Agg B	Bing Materials	164918		85.91			
12/31/2016	CIP 2524SS1010 - Excavator Rental	Cashman Equipment Company	15006401		1,369.00			
12/31/2016	CIP Work Order #7859	CIP Work Order Charges	December 2016		13,447.47			
12/31/2016	CIP Work Order #8112	CIP Work Order Charges	December 2016		98.15			
12/31/2016	CIP Work Order #6014	CIP Work Order Charges	December 2016		7,097.18			
12/31/2016	CIP #2524SS1010 - Type 2 class B agg B	Bing Materials	164917		162.63			
12/31/2016	DEC 2016 - in store chgs	Spitsen Lumber Company	41810-DEC 2016		405.96			
12/31/2016	DEC 2016 - in store chgs	Spitsen Lumber Company	41810-DEC 2016			8.12		
12/31/2016	TRENCH PLATE RENTAL CO Wellands mag met	Trench Plate Rental Co.			50.15			
12/31/2016	AMERICAN READYMIXConcrete for effluent valve	American Ready Mix			484.50			
12/31/2016	Accrue Village Ace Acct #4244 Dec 2016	Village Ace Hardware			136.49			
01/01/2017	Accrue Village Ace Acct #4244 Dec 2016	Village Ace Hardware				136.49		
01/17/2017	Dec 2016 - in-store chgs	Village Ace Hardware	#4244 - Dec 2016		136.49			
01/31/2017	Work Order #6014	CIP Work Order Charges	January 2017		995.81			
01/31/2017	Work Order #7859	CIP Work Order Charges	January 2017		196.30			
01/31/2017	CIP #2524SS1010 - Type 2 Class B Agg B	Bing Materials	165126		183.81			
01/31/2017		TrenchPlateRental/Shoring-effluent line valve			305.10			
02/03/2017	CIP #2524SS1010 - custom insulated ARV c	Big Bully Enterprises	1677		2,076.00			
02/28/2017	CIP Work Order Charges - February 2017 - Work	CIP Work Order Charges	February 2017		896.79			
02/28/2017	CIP Work Order Charges - February 2017 - Work	CIP Work Order Charges	February 2017		294.45			
03/07/2017	CIP #2524SS1010 - SMBL 317 SDL NYL 10.64	Western Nevada Supply	16928615		209.55			

03/29/2017	CIP #2524SS1010 - 317 SDL NYL 10.64-12x2	Western Nevada Supply	16955480		419.10			
03/31/2017	CIP Internal Work Order #6014	CIP Work Order Charges	March 2017		4,435.97			
03/31/2017	CIP#2524SS1010 - mini excavator	United Rentals (North America, Inc.)	145288833-001		1,120.41			
04/30/2017	CIP Work Order Charges - April 2017	CIP Work Order Charges	April 2017		1,039.38			
04/30/2017	Heritage Resources Inventory along the e	Far Western Anthropological Research Group,	3972-01	17-0146	8,745.00			
04/30/2017	#4244-STMNT ARP 2017 in store chgs	Village Ace Hardware	#4244-STMNT APR 20		128.38			
04/30/2017	THE HOME DEPOT #3312	The Home Depot			25.34			
04/30/2017	THE HOME DEPOT #3312	The Home Depot			75.48			
04/30/2017	REVCHEM COMPOSITES INC	Revchem Composites Inc.			81.05			
05/23/2017	CIP # 2524SS1010Parts	Western Nevada Supply	17022218		481.74			
05/24/2017	CIP # 2524SS1010parts	Western Nevada Supply	17023312		156.98			
05/25/2017	CIP#2524SS1010 - mini excavator	United Rentals (North America, Inc.)	146865050-001		968.56			
05/31/2017	CIP Work Order Charges - May 2017	CIP Work Order Charges	May 2017		9,520.40			
05/31/2017	MAY 2017 transfer station drop offs	Waste Management of Nevada	0013123-2667-9		84.19			
05/31/2017	MAY 2017 in store chgs	Village Ace Hardware	#4244-MAY STMNT		28.00			
06/05/2017	CIP#2524SS1010 - mini excavator	United Rentals (North America, Inc.)	147074386-001		961.81			
	<b>TOTAL</b>				<b>146,756.53</b>	<b>144.61</b>	<b>146,611.92</b>	
							(190,516.00)	
					Unidentified amount		(43,904.08)	

					ARV Total \$19,158
EFFECTIVE DATE	VENDOR	VENDOR INVOICE#	PO	PROJECT	DEBIT
08/31/2015	CIP Work Order Charges	August 2015		2524SS1010	6,111.17
01/12/2016	T & T Valve & Instrument, Inc.	50456		2524SS1010	3,085.24
05/10/2016	Western Nevada Supply	16547353	16-0217	2524SS1010	9,806.16
05/10/2016	Western Nevada Supply	16547353	16-0217	2524SS1010	113.84
06/07/2016	Western Nevada Supply	16640029		2524SS1010	29.05
06/07/2016	Western Nevada Supply	16640074		2524SS1010	23.68
					<b>19,169.14</b>

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2020	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
12/09	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	11/30/2020 8 a.m.	GM Report to include update on the Ordinance 7 GM Advisory Committee Review of the Washpad Project (see award made on 06/23/2020) Review Burnt Cedar Swimming Pool Improvement Project Cost Estimate – Prepared by CMAR Authorize Final Design of Burnt Cedar Swimming Pool Improvement Project Season end report for Golf Season opening report for Ski Correspondence in Board packet – Chairman Callicrate <b>Budget Workshop #1 (December - Date TBD)</b>
12/10	Wednesday	4 p.m.	Southwood – VIRTUAL	Audit Committee Meeting	11/30/2020 8 a.m.	Review CAFR 2019/2020 Staff update on Internal Controls Review and discuss Moss Adams Report Chart of Accounts Update RFP for Auditor

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2021	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
01/13	Wednesday	6 p.m.		Regular Board Meeting	01/04/2021 8 a.m.	<b>Budget Workshop #2 (January - Date TBD)</b> Effluent CMAR contract Code of Conduct Discuss the Board's list of priority Capital Improvement Projects (Step 1) and then possibly (Step 2) at a future meeting, finalize allocation of the fund balances to specific projects (from 08/12/2020)
01/27	Wednesday	6 p.m.		Regular Board Meeting	01/18/2021 8 a.m.	Board of Trustees Handbook Review and Possible Approval
01/27	Wednesday	TBD		Audit Committee Meeting	01/18/2021 8 a.m.	Chair
02/10	Wednesday	6 p.m.		Regular Board Meeting	02/01/2021 8 a.m.	FY2020/21 Mid-Year Budget Update
02/24	Wednesday	6 p.m.		Regular Board Meeting	02/15/2021 8 a.m.	<b>Budget Workshop #3 (February - Date TBD)</b>
03/10	Wednesday	6 p.m.		Regular Board Meeting	03/01/2021 8 a.m.	
03/24	Wednesday	6 p.m.		Regular Board Meeting	03/15/2021 8 a.m.	
04/14	Wednesday	6 p.m.		Regular Board Meeting	04/05/2021 8 a.m.	
04/28	Wednesday	6 p.m.		Regular Board Meeting	04/19/2021 8 a.m.	
05/12	Wednesday	6 p.m.		Regular Board Meeting	05/03/2021 8 a.m.	<b>Approval of FY2021/22 Tentative Budget</b>
05/26	Wednesday	6 p.m.		Regular Board Meeting	05/17/2021 8 a.m.	<b>Adoption FY2021/22 Budget (incl. Public Hearing)</b> <b>Approval of Rec Roll – FY2021/22 (incl. Public Hearing)</b>
06/09	Wednesday	6 p.m.		Regular Board Meeting	05/31/2021 8 a.m.	
06/30	Wednesday	6 p.m.		Regular Board Meeting	06/21/2021 8 a.m.	
07/14	Wednesday	6 p.m.		Regular Board Meeting	07/05/2021 8 a.m.	
07/28	Wednesday	6 p.m.		Regular Board Meeting	07/19/2021 8 a.m.	
08/11	Wednesday	6 p.m.		Regular Board Meeting	08/02/2021 8 a.m.	
08/25	Wednesday	6 p.m.		Regular Board Meeting	08/16/2021 8 a.m.	

*Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar*

RFID Picture Passes – Item for next Strategic Plan or three years from now – software not available nor is infrastructure/hardware

TRPA EIS Contract at Diamond Peak

Split Ordinance 7 (allow 45 days ahead of action)

Enterprise vs special revenue accounting

General Manager's job description clean up

Utility Rate adjustments (fee schedules) – pushed out from the April 14, 2020 meeting

Contract Award for Human Resources, Payroll and Financial Software

Board Policy 7.1.0 and Board Practice 7.2.0 (Trustee Dent) (Navazio)

Pricing policy

September 1, 2021 – General Manager Performance Review and Review of Goals for FY 2020/2021

Moss Adams Construction Contract report

Budget approval is required after the third Monday however whatever date is selected, a 10-day notice must be given. Must accomplished no later than June 1, 2021.

## MINUTES

### **AUDIT COMMITTEE MEETING OF OCTOBER 27, 2020 Incline Village General Improvement District**

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chairman Matthew Dent on Wednesday, October 27, 2020 at 2:00 p.m. at the Boardroom located at 893 Southwood Boulevard, Incline Village, Nevada. This meeting was conducted virtually via Zoom.

#### **A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS\***

On roll call, present were Matthew Dent (Trustee, Chair), Cliff Dobler (At-Large Member) (absent on roll call but joined the meeting at 2:14 p.m.), Sara Schmitz (Trustee), Raymond Tulloch (At-Large Member) (absent on roll call but joined the meeting at 2:06 p.m.) and Derrek Aaron (At-Large Member).

Also present was Staff member Director of Finance Paul Navazio.

There were no members of the public present (State of Nevada, Executive Directive 006, 016, 018, 021, 026, and 029).

#### **B. PUBLIC COMMENTS\***

Dick Warren said he is extremely concerned about how IVGID presents their Financials ever since they abandoned Proprietary Enterprise Funds Accounting. If you look at the more recent monthly financials prepared by the Director of Finance (and he gives him credit for doing this), he has tried to ensure that the numbers tie. Unfortunately, the numbers tie (for the most part) but the descriptions of what is a "revenue" versus what is a "source of funds" is not only confusing but perhaps purposely deceiving. And that is true of what is an "expense versus a use of funds". Just look at page 5 in the August Financials, where we have a revenue source known as "Funded Capital Resources". That is B.S.! One cannot have a revenue that is a "fund balance"; for any Governmental Funds Accounting to suggest that "fund balances" are revenues is ridiculous, and wrong. So we need to get back to Proprietary Enterprise Funds Accounting (PEFA). PEFA is financial reporting on a GAAP basis, with revenues & expenses shown on an accrual basis. Obviously, accrual-based accounting is different than cash flow accounting, and there's a reason for that: accrual accounting shows any blemishes in Operations, especially when dealing with a governmental outfit like IVGID. Governmental Funds Accounting allows games to be played, similar to what our esteemed Finance Director has attempted to do. Audit Committee, demand that monthly financials are presented using Proprietary Enterprise Funds Accounting. Let's eliminate the

garbage of Governmental Funds Accounting, which allows Staff to distort the financials.

Linda Newman said today's agenda along with recent events raises a number of alarms which warrant this Committee's immediate attention and the Chair's action to extend the timeframe for completing the 2020 Audit. First, during a critical time for the completion of the District's 2020 independent audit, the Director of Finance has been away for a three-week vacation, the District's Controller and another member of the Accounting Staff has resigned. As Director of Finance is not a licensed CPA, nor is any member of the Accounting team, who is preparing the Financial Statements for the auditor to review? And who in management can attest to their validity when in fact, the District does not have written internal controls? According to the General Manager Report in the Board packet, the "Auditor has provided review comments on preliminary draft of financial statements and notes to financial statements. Staff continues to respond to audit inquiries and is updating sections of the CAFR. Currently 11 audit adjustments that have been identified and posted. One audit adjustment is under review by staff and is not posted." Why has Staff failed to adhere to Audit Committee Policy 15.1 and presented this information to the Audit Committee? She doesn't have the answer, but you should. You cannot fulfill your responsibilities when you are handicapped by Staff's failure to follow Committee policy. You are also placed at a disadvantage when the independent auditor appears to be doing the Director of Finance's job. Staff's failure to comply with policy also extends to Staff's failure to responsibly prepare items on the agenda for this Committee's review. Please remove the discussion of the Draft MD&A, the Transmittal Letter and the Welcome Letter. It is unacceptable for our Committee Members and our Public to weigh in on material that is not presented in advance for thorough analysis and review. Staff's verbal rather than written report on the status of the Independent Financial Audit and Internal Controls are also unacceptable. Please note that although Moss Adams is examining 4 critical issues in the 2019 CAFR, there are approximately 21 outstanding accounting and reporting matters that have yet to be resolved. These must be addressed before the 2020 CAFR is completed. Yet, there is no date established on the Long Range Calendar. Change must be effectuated immediately to ensure that policies are followed, Staff is qualified to perform their duties and outside resources are made available to cure any deficits.

Mike Abel said he is concerned at our GM's lack of leadership on the control of foolish spending at IVGID. The current proposal to spend somewhere between \$250-400k on a payroll management system seems to me the absolute height of stupid. Who has reviewed this proposal. Has our staff looked at any other alternatives? Has ADP or Paychex or other payroll services been looked at or

given the option to present a proposal? No. So let's just piss away a big bunch of the taxpayers' money on a software company that will perpetually have their claws into IVGID for updates and revisions. I also do not see our GM showing any progress toward getting procurement cards under control. Whether it is a recreational staff junket to West Virginia. Another junket by our golf course management to Florida with \$300 dinners at Vincenzo Cucina Italia, perhaps another unnecessary billboard advertising Diamond Peak on I80, a \$1500 party at Lupita's, a goodbye party for the Director of Public Works, or perhaps an extra bonus for the Director of Finance, so that staff can keep him away while the auditors are here!

Margaret Martini submitted these comments as she wasn't able to get through to make her public comments - She commends Mr. Dobler for taking the time to educate the Committee and the public on the sections of the CAFR that are audited and unaudited. She also commends Chair Dent and Mr. Dobler for a well written and researched RFP for a new external auditor. She trusts you will approve the RFP with minor modifications, including the timeline for submittals. She also recommends that the responses be submitted to the Audit Committee Chair and evaluated by the Audit Committee. She cannot fathom why Staff hasn't prepared the supplements to their agenda items in advance of the meeting. If Trustees and Committee members can present all materials in advance, Staff can follow the same guidelines. Please remove all of Director of Finance's agenda items as it is unreasonable and a waste of our time to have a discussion of material that this committee and our citizens have not reviewed. It is reasonable to mandate the inclusion in the packet of all material to be discussed. Please do so. Please also note that the minutes for the September 30th Audit Committee Meeting were not posted on the District's website. They should be and measures should be taken to ensure that all agenda items and supporting material are actually posted. On another matter. She has taken note that Staff is requesting close to \$400,000 at the upcoming Board meeting for software to upgrade HR and payroll as well as a new finance and accounting system. As finance and accounting is within this Committee's purview and Mr. Aaron has expertise in this arena, she would strongly urge his involvement in evaluating the software as well as the option of outsourcing before the Board makes any decisions on this expenditure. She would hope that Trustees Dent and Schmitz will consider her recommendation when this matter comes up at the Board meeting.

**C. APPROVAL OF AGENDA (for possible action)**

Audit Committee Chairman Dent asked for any changes; none were received; the agenda was approved as submitted.

Audit Committee Member Sara Schmitz asked why we are spending time reviewing the draft memorandums from 2019 to 2020; she is puzzled and maybe just doesn't understand the reason. Audit Committee Chairman Dent said that drafts weren't available at that time and that he asked to have the former ones included so we can say not include this or that or add this or that and that there were included as an example and if we don't want to have any discussion, that's fine. Audit Committee Member Schmitz said she just wasn't clear as to why it wasn't provided. Trustee Dent said we can move to have a flexible agenda. Audit Committee At-Large Member Raymond Tulloch said that he didn't get an invitation and perhaps Audit Committee At-Large Member Dobler didn't get one either. Audit Committee Chairman Dent said that the agenda is approved as submitted.

**D. DISTRICT STAFF UPDATE (for possible action)**

**D.1. District's 2019/2020 Independent Financial Audit and Internal controls: Verbal update by the Director of Finance Paul Navazio on the District's 2019/2020 Independent Financial Audit being conducted by Eide Bailly and update to the Audit Committee on District's Internal Control's Review (Requesting Staff Member: Paul Navazio)**

Director of Finance Navazio gave a verbal update with the highlights being:

- ✓ Work continues
- ✓ There are some outstanding items for finalizing the financial statements
- ✓ Still working on drafts of MD&A and transmittal letter
- ✓ Resolving some outstanding items in order to update, finalize, and send to auditors and Audit Committee

Audit Committee At-Large Member Cliff Dobler said that he is very concerned about what is going on here and that he doesn't have a clue as to what is going on here and that it is totally inappropriate. Director of Finance Navazio said that it was mentioned, at the September meeting, that these were audit adjustments but rather adjusting journal entries and not auditor adjustments. Audit Committee At-Large Member Dobler said that this seems like deflection and that he didn't believe he was going to get a straight answer. Audit Committee At-Large Member Tulloch asked what was being used for materiality and why aren't we biting the bullet now and stating them now? Director of Finance Navazio said that of the items that have been



## Minutes

Audit Committee Meeting of October 27, 2020

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identified, not all of them meet the materiality threshold set by the auditor. Audit Committee At-Large Member Tulloch asked what is the value still under discussion. Director of Finance Navazio said about \$300,00 across all District funds with \$70,00 being in Utilities and the balance in Community Services. Audit Committee At-Large Member Dobler said he would like to know what the materiality standards are? Director of Finance Navazio said he will follow up with the auditor to get an answer. Audit Committee Chairman Dent asked for any further questions; none were received. Director of Finance Navazio then stated that limited progress has been made on internal controls and provided a brief overview. Audit Committee Member Schmitz asked what is the concern area and the plan for addressing in the near term? Director of Finance Navazio said that the work to complete the Comprehensive Annual Financial Report (CAFR) is priority 1A and that Staff is down to a handful of items; on the budget, Staff may have to come to the Board, and that the biggest concern is getting the staffing up to speed. Audit Committee At-Large Member Derrek Aaron said that there is a fair amount to review and that he is still doing his review. The District's Controller shared with him a 30,000-foot view of IVGID systems and there are a lot of moving parts which needs to be considered and tied together. Audit Committee At-Large Member Tulloch said that we are at risk because of a couple of key individuals doing things and with regards to procurement cards, he is rather surprised it has taken a couple of months for action as we have experienced leakage. In his experience, it has never taken a long time to take action as he greatly reduced limits and reduced the number of cards which is always a very simple process and when you cut that back, it doesn't reappear elsewhere. Director of Finance Navazio said that audit report is in process and on the procurement cards, we aren't making wholesale changes but we are looking at tightening up our current policies and procedures. He is still concerned about some of the comments he hears about the District not having any internal controls. There is a balancing act from using procurement cards and the check writing process and Staff agrees to being as precise as follows. Audit Committee At-Large Member Tulloch said he disagrees about the purchasing process. District General Manager Winquest said that Audit Committee At-Large Member Tulloch brought up a good comment about times when you have specific limits and that there will be times to have that limit increased which we do and that most of the Parks and Recreation Staff have a limit of \$1,000 and if the limit is increased, it is then returned to the former limit. There are a lot of things that Community Services purchases that need to be purchased using a procurement card. Audit Committee At-Large Member Aaron said that in his 20 years of working with a lot of companies, purchase cards are fairly

common and that they have their benefits with the biggest one being convenience. There are a lot of benefits to them and if we have good controls that are enforced, he thinks purchase cards are probably a good thing.

**E. GENERAL BUSINESS ITEM (for possible action)**

**E.1. Review and discuss the Audited and not Audited 2019 CAFR (Requesting At-Large Member: Cliff Dobler)**

Audit Committee At-Large Member Dobler gave an overview of the submitted materials. Audit Committee At-Large Member Aaron said that if we don't think that Eide Bailly covered specific areas then it needs to be addressed in the next scope of work. There is a lot of standard language that they are using. Audit Committee At-Large Member Dobler said that their opinions are pretty standard language because they are guided by audit standards and it is their judgment about what is fair and material. Audit Committee At-Large Member Aaron said that materiality is done through calculations. Audit Committee At-Large Member Dobler said it is absolutely not rather it is left to more or less judgment. However, in 2016, the District had to restate the entire CAFR because there was an error in the Internal Services Fund because they have look at each fund as an individual unit. He hopes that the auditors are aware that they have to look at materiality by each individual fund. He would like to see Staff's management representation be in accordance with GAAP and the fee is far too low based on the number of transaction that we have. Director of Finance Navazio commended Audit Committee At-Large Member for going through this exercise on what is audited and what is not audited and then he reviewed pages 31 and 32. Audit Committee At-Large Member Dobler said on page 32 that he is more concerned about reporting then tying out and then he went over these same pages as well as page 35; it is because of depreciation which is something that is squirrely. What he is more concerned about is we have a charge for service. The Recreation Fee is a charge for service and not a general revenue yet it is showing as a general revenue but it is not, it is a charge for service and he is more concerned about proper presentation because tying out is an easy thing. He is more concerned about the reporting being in accordance with GAAP. Audit Committee At-Large Member Tulloch said that we should consider expanding the scope of work done by the auditors and that the move to governmental fund accounting starts to corrupt the numbers. Venues are accounting for revenues when they aren't considering the capital and thus it should be moved back to revenue accounting. Audit Committee At-Large

Member Dobler said that one of the problems that he has had with the audit's over the years is that he doesn't think enough testing has been done. Audit Committee At-Large Member Aaron said that there are two perspectives – auditor and public. From his auditing days, when they went through the materiality calculations, they reviewed invoices. Any invoice about a certain dollar amount was reviewed and if some irregularities or inconsistencies were found, they either asked for more invoices or expanded the scope. If he picked up a report of a publicly traded company and there were significant enough irregularities, it would change his action; it is different. Enterprise versus proprietary fund – he thinks that is IVGID titles and that proprietary might be more of a leading term so we should stick to that term. Director of Finance Navazio said that Audit Committee At-Large Member Aaron just stated what the process is exactly with our auditors as they asked for basic financials in order to do a materiality review. To clarify definitions, proprietary funds is a category of funds and proprietary is the business type activities that currently includes the enterprise funds and our internal funds such as fleet, buildings, and engineering. Proprietary is inclusive and if we go to enterprise for Community Services and Beaches, the only governmental fund will be the General Fund.

**E.2. Review, discuss and possibly approve 2020-2021 RFP for District Audit (Requesting Trustee: Matthew Dent)**

Audit Committee Chairman Dent turned this item over to Audit Committee At-Large Member Dobler and confirmed that supplemental information was posted and mailed to those who had requested packets. Audit Committee At-Large Member Dobler went over the submitted materials. Audit Committee At-Large Member Tulloch asked where do we advertise and who do we go with. Director of Finance Navazio said that there is a list of 30 plus audit firms that it will be sent to as a starting point. Staff can also reach out to Washoe County and other agencies and it will also be advertised on our website and through our normal bid processes. Audit Committee At-Large Member Tulloch asked if our purchase consortium had lists? Director of Finance Navazio said that he would assume the same is true in Nevada as is in California. Audit Committee At-Large Member Aaron asked if we wanted to stay within a certain region or is one consideration where they are based out of? Any NRS that states we have to make it public means it is opened up to anyone. Director of Finance Navazio said that he agrees that it is a consideration and that it might be an evaluation point. He would urge that we get as large a pool as possible and then review it. Audit Committee At-Large Member Aaron said that travel expenses might have a financial

impact. What about the idea of shortlisting? Director of Finance Navazio said yes, that is how it normally proceeds; looking at qualifications and then negotiate scope and the contract. Audit Committee At-Large Member Aaron said that there may be a few more rounds which need to be factored in as well as how quickly can Legal do their review. There are also a lot of factors that go into distribution. District General Counsel Nelson said that he did do a legal review, an initial one, and in skimming the supplemental, he thinks he can turn that around relatively quickly. Director of Finance Navazio said that page 155 has a section that needs updating and replaced with IVGID information. Audit Committee At-Large Member Dobler said for the conference scheduled for November, who will be the conference leader? How is it going to be done? Do we need it? Audit Committee At-Large Member Aaron said it is done in a public setting because then any firm can hear the questions and replies from IVGID which is nice so you don't have to repeat yourself. It should be shared among all. Director of Finance Navazio said that reference is on page 155 and that not everyone attends a pre-proposal conference so we are giving the firms two opportunities to make their proposal as responsive as possible. Audit Committee At-Large Member Aaron said he did see we have both and that he has a little bit of a concern about making the deadlines thus maybe we need to cut back on one of the two items to build in more contingency time. Audit Committee At-Large Member Dobler asked if the pre-proposal conference will be done by Zoom and do we need that? Director of Finance Navazio said yes, it will absolutely be done by Zoom and it is not a real time consuming thing and if we want to trim time, we can eliminate the questions because we would respond anyway. Staff thinks that the timeline works and doesn't think there will be any challenges with response times. Audit Committee At-Large Member Tulloch said that he would strongly encourage the pre-proposal conference as it makes life a whole lot easier and that we don't need to take the time for written questions. We can do this as an audio conference. Audit Committee At-Large Member Aaron said that some firms don't allow Zoom conferences. Audit Committee At-Large Member Dobler asked who is going to update this document and that he is okay with the schedule as written. Director of Finance Navazio said that his interest is in getting this out and then closing it out by December 16. Evaluations really do take a month. Audit Committee Member Schmitz said that we need to get this out as we are already behind schedule so we can't push it out. Director of Finance Navazio said after the RFP are opened, the evaluation starts on December 19 and that is completed in a couple of weeks. Audit Committee At-Large Member Dobler wanted to know who is the evaluation team? What is the allocation of the evaluation points? Audit Committee At-Large Member Tulloch said

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that he doesn't think the evaluation points are necessary. District General Counsel Nelson said that he would concur that it is too detailed in the RFP. Audit Committee Member Schmitz said to take it out completely on the evaluation. Director of Finance Navazio said that he would suggest that the evaluation criteria on page 166 stay in but don't put in the weighting. Audit Committee At-Large Member Dobler asked if we are leaving VI. in? Audit Committee At-Large Member Tulloch asked if we were removing some of the language in VI.a.? Audit Committee At-Large Member Dobler asked who is going to do it? Director of Finance Navazio said that we had a subcommittee that worked on this so he would suggest that Staff turn it into a final document and then review it with the subcommittee or the Audit Committee Chairman. District General Counsel Nelson concurred with that suggestion. Director of Finance said it is just clean up and that Staff can circulate it between Audit Committee At-Large Member Dobler and Audit Committee Chairman Dent. Audit Committee Member Schmitz said that Audit Committee At-Large Member Dobler has done a great job. Staff should take it and updated it and make sure that the dates hang together with the dates on page 155. Audit Committee Chairman Dent asked if there was any reason that Staff couldn't sent it out for final input? District General Counsel Nelson said if there was any feedback, it would be facilitating a discussion outside of a meeting. Audit Committee At-Large Member Dobler said if we start changing it, it is not going anywhere. Audit Committee Member Schmitz said she didn't think we should be making a whole bunch of changes. Based on prior discussion, will there be any broadening of the scope based on the comments or discussion? Audit Committee At-Large Member Dobler said that he didn't think that the transactions are being looked at all and Audit Committee At-Large Member Tulloch said it doesn't come into the audit play so we need to have an extended audit. He looked at golf and had an "Oh my God" moment but he doesn't know how to go about this. Audit Committee At-Large Member Tulloch said that he agrees with Audit Committee At-Large Member Dobler and thinks it is a different type of audit. Usually, you ask for the proposer to include things that may have been missed and while we are committed to them, it is good to get external suggestions which can easily be added so that the proposer can expanded on that topic. Audit Committee Chairman Dent said he liked that idea as it is a valuable input so Staff please add that item. Director of Finance Navazio said it is the engagement letter that spells out what they are going to do. Audit Committee At-Large Member Aaron went over the parts of the proposal and said that it is important to give people an idea of the standard and where we might want to have a deeper dive. Audit Committee Chairman Dent said, in summary, Staff will review this with one last comb through being done by the Director of Finance and

District General Counsel and then it will come back to a couple of Audit Committee members. Audit Committee At-Large Member Aaron said that we have to be aware of the Open Meeting Law and that he is happy to be a part of the final eyes on it. Audit Committee At-Large Member Tulloch said that when Staff goes through it, we have to have a redlined version and a conformed version in Word. Audit Committee Chairman Dent agreed and stated that Audit Committee At-Large Members Dobler and Aaron will be doing the review and getting it out by November 9, 2020.

**E.3. Review, discuss, and provide feedback regarding the DRAFT 2019-2020 Management Discussion and Analysis (Requesting Staff Member: Director of Finance Paul Navazio)**

Audit Committee Chairman Dent asked Director of Finance Navazio where we are on this item. Director of Finance Navazio said that he doesn't have a draft to share so he asked that the Audit Committee members please state what they want and/or don't want as he is open to feedback and that he will be the author or both documents – the Management Discussion and Analysis (MD&A) and the transmittal letter. Audit Committee Chairman Dent said that the Audit Committee will have a draft by November 6, 2020 and that there were a couple of issues that Audit Committee At-Large Member Dobler and Director of Finance Navazio were going to talk about offline.

**E.4. Review, discuss, and provide feedback regarding the DRAFT 2019-2020 Transmittal Letter (Requesting Staff Member: Director of Finance Paul Navazio)**

Audit Committee Chairman Dent said that the committee will have this in the next week and a half.

**E.5. Review, discuss, and provide feedback regarding the DRAFT 2019-2020 Welcome Letter (Requesting Staff Member: Director of Finance Paul Navazio)**

Audit Committee Chairman Dent said that the committee will have this in the next week and a half.

**F. APPROVAL OF MEETING MINUTES (for possible action)**

**F.1. Audit Committee Meeting Minutes of September 30, 2020**

Audit Committee Chairman asked for changes; none were made so the minutes were approved as submitted.

**G. REVIEW OF LONG RANGE CALENDAR (for possible action)**

Audit Committee Chairman Dent went over the long range calendar. Audit Committee Member Schmitz brought up the quarterly investment report; Director of Finance Navazio said it is probably appropriate for the Board of Trustees and that he will work with the District General Manager to get it onto the long range calendar for the Board of Trustees.

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

Margaret Martini passed on her opportunity to speak.

Aaron Katz said that he had two items to discussion; he sent an e-mail on October 6, 2020 requesting the committee to provide a breakdown of revenues indicated on Opengov on the Beach Fund for 2019/2020 and when he made a records request, Staff responded that they have no records; he hasn't heard anything about an investigation. He sent another e-mail on September 14, 2020 about an administrative policy for those asked for a remedy of a refund as without a remedy is becomes a violation of the United States Constitution and he has received nothing from the committee. He asks that the committee address both matters and put them on their calendar.

**I. ADJOURNMENT (for possible action)**

The meeting was adjourned at 4:42 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.