

## MEMORANDUM

**TO:** Audit Committee

**FROM:** Tim Callicrate  
Board Chair

**SUBJECT:** Review, discuss and possibly provide direction to Staff on the topics of (1) Board questions regarding the 2019 CAFR and (2) Scope of work/follow-up with EideBailly for the next District Audit, Fiscal Year Ending June 30, 2020

**DATE:** February 5, 2020

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I anticipate this discussion to be broad and general and that the Audit Committee will provide direction to Staff on the following topics:

- (1) Board Questions regarding the 2019 CAFR; and
- (2) Scope of work/follow-up with EideBailly for the next District Audit, Fiscal Year Ending June 30, 2020

Following this direction, there should be action items that come back to either the Audit Committee and/or the whole Board of Trustees.



January 30, 2020

State of Nevada  
Department of Taxation  
1550 College Parkway, Suite 115  
Carson City, Nevada 89706-7937

Attention of Ms. Kelly S. Langley, CTP  
Local Government Finance Supervisor  
Department of Taxation

Subject: Receipt of the Incline Village General Improvement District  
Comprehensive Annual Financial Report, Fiscal Year Ending June 30,  
2019; Trustee(s) Comments

Dear Ms. Langley,

Following are the comments from our Board of Trustees regarding the above  
subject matter.

From Trustee Peter Morris:

*As an experienced business executive and owner but not an accountant by training, it's been my experience over my career that in accounting there is often opportunity for difference in philosophy. Those who dislike the current CAFR report may have philosophical differences with the way IVGID has accounted for its inflows and outflows, but I rely upon the expertise and experience of our Director of Finance; that of our external auditors; plus, the history of our success in past audits and state submissions. Therefore, I believe this is a sound report. I can see nowhere has there been any intentional misreporting or deceptive intent. So with that said, I do not believe I have any issues with or concerns over the report.*



From Trustee Kendra Wong:

*I have no substantive comments regarding the CAFR and support filing the CAFR with the State of Nevada, Department of Taxation. All of my questions were addressed by the Director of Finance and General Manager prior to our meeting on December 11, 2019. As previously communicated to our staff, my comments primarily relate to clarity and consistency of wording throughout the document; however, I did not view this as a reason not to file the CAFR. Additionally, with a new Director of Finance joining our team, there is an opportunity for him to look at the document from a fresh perspective. I appreciate the work our Finance team and EideBailly have done to ensure we could file the CAFR with the State of Nevada, Department of Taxation in a timely manner.*

From Trustee Matthew Dent:

*As a fiduciary for the District we have responsibility to ensure that the financials, narratives, and supporting documents are accurate and complete. The purpose of the CAFR is to be transparent about the use of taxpayers' dollars and provide a detailed account of how the funds were spent. Over the last several years we have raised questions in regards to the audited and unaudited portions of the CAFR. It was my understanding this year would be different and we would have written response to these concerns and the issues would be addressed.*

*Some of my concerns have been the following:*

- *Lack of oversight by the Audit Committee*
- *Treasurer of the Board is in name only and apparently the Director of Finance is actually the Treasurer*
- *Financial statements can be manipulated if costs are wrongly expensed or capitalized. An example, would be the capitalizing Master Plans that are nothing more than surveys and wish lists rather than expensing them.*
- *No oversight or opinion by the auditor when it comes to the Districts internal controls*
- *Only a few business days to review the CAFR when staff has it weeks in advance*
- *Inconsistent reporting – sometimes we report contracts or grants another times we don't*
- *No oversight of managements representation to the auditors*

From Trustee Tim Callicrate:

*As the newly appointed Chair of the IVGID Board of Trustees, I am advising the Nevada Department of Taxation that I will receive, but I will not approve, the District's 2019 CAFR. It is my understanding that the Department is requiring that the CAFR be submitted by January 31<sup>st</sup>, 2020. To meet this deadline, I am agreeing to the submittal.*

*I am also stating for the record that after reviewing the CAFR there are more than 14 errors along with potential errors in the Financial Statements and the Footnote disclosures. These errors appear in the audited as well as the unaudited portions of the 2019 CAFR. Many of these errors have been raised by other Trustees at the January 22<sup>nd</sup>, 2020 Board of Trustees meeting, memorandums sent to the previous Audit Committee Chair from our citizens raising concerns about the District's accounting and reporting practices, as well as more recent communications with accounting and finance professionals in our community.*

*Of these errors I am citing, there are six which will require EideBailly to provide an opinion on whether the transactions follow GAAP, GASB statements and NRS statutes:*

- 1. Change in accounting from Enterprise to Governmental funds for the Community Services and Beach activities*
- 2. Punch Cards utilized*
- 3. Central Services cost allocations for the Community Services and Beach Special Revenue Funds*
- 4. Revenue recognition in Utility Fund for advanced billings*
- 5. Reporting Recreation and Beach Facility Fees as General Revenues in Statement of Activities*
- 6. Reporting Ball Field Grant as a receivable and a revenue item*

*The remaining issues relate to changes to the basic financial statements due to omissions, errors, and/or misjudgments by IVGID staff. These issues may not require the opinion of the independent auditor. However, the changes expected are material and the basic financial statements are required to disclose important transactions. We would expect EideBailly to accept changes that will ensure greater financial statement accuracy and more complete disclosures. These are the major items:*

- Expensing Pipeline repairs and assessments*
- Expensing Feasibility and Master Plan Studies*

- *Expensing the fire rehab costs to open the Mountain Golf Course Clubhouse for 4 months*
- *Cleaning up omissions on Carryovers and Contracts in Note 19*
- *Omission of leases*
- *An error in list of items in note 1 that do not match details*
- *Assigned fund balance has not been assigned to the GM*
- *Changing assigned fund balance to committed fund balance for outstanding contracts.*

*The District's lack of Internal Controls is particularly troublesome. Although Management has represented in their letter of transmittal that the completeness and reliability of the financial statements rest upon a framework of comprehensive internal controls, there are no written policies or procedures available or reports on internal controls. A citizen and a Trustee have requested this documentation. It has not been provided by management or the former Audit Committee members.*

*Correcting the grammar, ambiguous terms, and numerous misleading statements will also have to be undertaken.*

*It would be preferable for the NV Department of Taxation to permit our Board and new audit committee to get this right before submittal, but as the Department will not grant us an additional extension we expect to restate the 2019 CAFR in the near future.*

From Trustee Sara Schmitz:

*As a newly appointed Trustees on January 14, 2020, I am writing to share my concerns related to the 2019 CAFR. My perspective, due to being newly appointed, is that of a parcel owner and taxpayer.*

*After members of our community investigated and reported inaccuracies discovered in the District's 2016 CAFR submitted to the State, the CAFR was restated in 2017. At that time, EideBailly, our independent auditor found material weakness in the District's internal controls over financial reporting (see attached memorandums dated November 30, 2016). Since this time, management has not reported on the changes made to address these deficiencies.*

*In a memo dated September 13, 2019, members of our community once again brought to management's attention the inappropriate transfer of funds from the self-insurance (Workers Compensation) fund to the Utility Fund, Community*

*Services Special Revenue Fund, and the Beach Special Revenue Fund. The necessary corrections have been made, however this once again raises concerns regarding internal controls and financial oversight by the Board and the Audit Committee.*

*In November of 2017, the Audit Committee modified the Accounting, Auditing, and Financial Reporting Audit Committee Policy 15.1.0 reducing the required annual meetings from four times a year down to only once a year. In 2019, it was discovered the Board appointed Treasurer was not fulfilling his NRS stated responsibilities and had delegated the responsibility to the Director of Finance without Board or community knowledge.*

*Neither the Board nor the Audit Committee has been provided internal control documentation, policy or internal control procedures related to the District's financial reporting. It is not within the scope of work for the independent auditor to review and comment on the District's internal controls.*

*This lack of oversight and verification of internal controls has me concerned. I believe with the new General Manager, Director of Finance, and a new Audit Committee, the issues of internal controls and proper financial oversight will be corrected.*

If I can be of further assistance or require anything else, please do not hesitate to let me know.

Best regards,



Susan A. Herron  
District Clerk

Attachments: Four (4) pages from Trustee Schmitz

cc: Board of Trustees (5)  
Interim General Manager Winquest



CPAs & BUSINESS ADVISORS

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

To the Board of Trustees  
Incline Village General Improvement District  
Incline Village, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2016-A to be a material weakness.

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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst & Young LLP*

Reno, Nevada  
November 30, 2015



Incline Village General Improvement District  
Schedule of Findings and Responses  
For the Year Ended June 30, 2016

2016-A      Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles  
Material Weakness

Criteria:      Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting components of net position is a key component of an effective system of internal control over financial reporting.

Condition:      Subsequent to the issuance of the June 30, 2016 financial statements, an error was discovered in the classification of net position for the Internal Services Fund in the Proprietary Funds Statement of Net Position.

Cause:      An independent review of the financial statements, separate from the individual preparing them, is not performed.

➔ Effect:      The financial statements had to be restated to reclassify \$323,642 of net position from net investment in capital assets to unrestricted.

➔ Recommendation:      We recommend Incline Village General Improvement District implement an additional level of review of the financial statements.

Views of Responsible Officials:      Management agrees with this finding.



CPA & BUSINESS ADVISORS

### Auditor's Comments

To the Board of Trustees  
Incline Village General Improvement District  
Incline Village, Nevada

In connection with our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

#### Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 1E to the financial statements.

#### Progress on Prior Year Statute Compliance

The District reported no instances of noncompliance with significant constraints on its financial administration during the year ended June 30, 2015.

#### Prior Year Recommendations

There were no findings for the year ended June 30, 2015.

#### Current Year Recommendations

The current year findings are reported in the Schedule of Findings and Responses.

*Eide Bailly LLP*

Reno, Nevada  
November 30, 2016

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CPAs & BUSINESS ADVISORS

March 13, 2019

To Phil Horan, Audit Committee Chairman  
Incline Village General Improvement District  
893 Southwood Boulevard  
Incline Village, Nevada 89451

The following represents our understanding of the services we will provide to Incline Village General Improvement District.

You have requested that we audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Incline Village General Improvement District, as of June 30, 2019, and for the year then ended, and the related notes, which collectively comprise Incline Village General Improvement District's basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

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

- 1) Management's Discussion and Analysis
- 2) Schedule of Employer Required Contributions

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

- 1) Budgetary Comparison Schedules

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

- 1) Introductory Section
- 2) Statistical Section

### **Auditor Responsibilities**

We will conduct our audit in accordance with U.S. GAAS and in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

## **Compliance with Laws and Regulations**

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

## **Management Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
3. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
4. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
6. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
7. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

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

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

## **Reporting**

We will issue a written report upon completion of our audit of Incline Village General Improvement District's basic financial statements. Our report will be addressed to the governing body of Incline Village General Improvement District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

## **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing. If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

## **Provisions of Engagement Administration, Timing and Fees**

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

Dan Carter is the engagement partner for the audit services specified in this letter. Responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our audit in June 2019.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every two weeks and are payable upon presentation. We agree that our fee for the audit will not exceed \$57,000. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use Incline Village General Improvement District's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

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

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

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

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

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

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

*Government Auditing Standards* require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, we will provide a copy of our most recent peer review report at your request.

Eide Bailly LLP is a member of HLB International, a worldwide organization of accounting firms and business advisors, ("HLB"). Each member firm of HLB, including Eide Bailly LLP is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of HLB or any other member firm of HLB and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of HLB.

## **DISPUTE RESOLUTION**

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

### ***Mediation***

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Reno, Nevada.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

### **INDEMNITY**

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees, against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

### **ASSIGNMENTS PROHIBITED**


You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly LLP, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major federal award programs including our respective responsibilities.



We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



Dan Carter, CPA  
Partner

\*\*\*\*\*

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Incline Village General Improvement District by:

Name: 

Title: Audit Chair

Date: 3/13/19



February 5, 2016

To the Audit Committee  
Incline Village General Improvement District  
Incline Village, Nevada

Thank you for giving Eide Bailly LLP the opportunity to propose on audit services for Incline Village General Improvement District for the fiscal year ending June 30, 2016, with the possibility to extend through June 30, 2020.

We believe that we are the right firm to not only handle the technical aspects of your audit, but also build a trusting relationship with you and your staff. Eide Bailly provides audit and consulting services to government entities of all sizes and types in Nevada and across the country. We are fluent in government auditing standards and the Nevada Revised Statutes. We are committed to timeliness, clear communication, and providing value for our fees.

**We Want to Continue Working with You.** The following pages highlight our Firm's strengths and demonstrate why Eide Bailly is the right firm for you. Know that you are and will continue to be a highly valued client.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads 'Dan Carter'.

Dan Carter, CPA, MAcc  
Partner  
Eide Bailly LLP  
5441 Kietzke Ln., Ste. 150  
Reno, NV 89511  
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### Eide Bailly at a Glance

- 1,600 professionals
- 29 offices across 13 states
- 180 Governmental audit professionals Firmwide, with more than 50 located in Nevada
- Over 550 governmental clients Firmwide, with more than 50 located in Nevada.

## Qualifications Statement

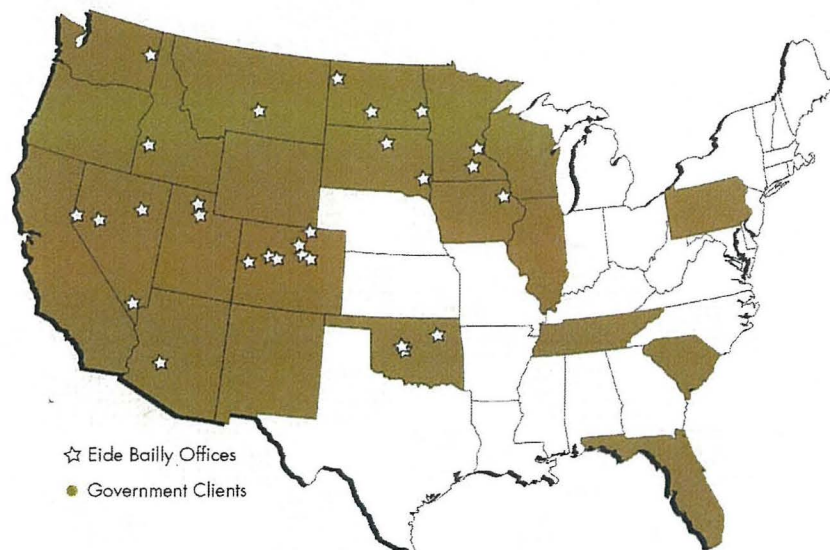
Founded in 1917, Eide Bailly is a Top 25 CPA firm in the nation, the Firm of choice for 54,000 clients, with 29 offices in 13 states, and is Nevada's first regional CPA firm with offices in Reno, Las Vegas, Fallon and Elko.

Incline Village General Improvement District's audit will be performed by professionals from our Reno, Nevada office, led by partner Dan Carter.

Eide Bailly LLP  
5441 Kietzke Lane, Suite 150  
Reno, NV 89511  
T 775.689.9100  
dcarter@eidebailly.com

Eide Bailly is a Limited Liability Partnership.

The following map identifies Eide Bailly's office locations and client locations throughout the nation.



You will find professionals at Eide Bailly who have a genuine interest in helping you and your business grow and succeed. Our clients benefit from local, personal service and, at the same time, enjoy access to 1,600 professionals with diverse skill sets and experiences.



## Qualifications Statement

### **Governmental Experience**

The governmental industry represents Eide Bailly's third largest niche area—with 550 governmental clients Firmwide. These clients include various governmental entities, including cities, counties, fire districts, school districts, States and state agencies, tribal entities, water districts, wastewater treatment facilities and housing authorities.

More than 180 professionals at Eide Bailly participate in the Firm's Governmental Services Group, specializing in serving our governmental clients. Annually, these professionals perform more than 120,000 service hours for clients within the government industry. These professionals share information, learn from others and stay up-to-date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the Firm.

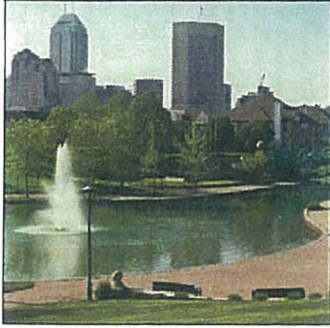
### **Single Audit Experience**

Eide Bailly has experience providing single audits related to federal expenditures which ensure our clients remain compliant. Our single audits include an audit of both the financial statements and the federal awards. We also assist in the preparation of the data collection form and prepare the reporting package for submission to the federal audit clearinghouse.

Eide Bailly audits more than \$10 billion in federal expenditures, which provides us with extensive experience in single audits. Paired with our many years of experience, we are qualified to effectively work with Incline Village General Improvement District to ensure that federal requirements are met. In addition, Eide Bailly participates semi-annually in the Single Audit Roundtable, which is a meeting of federal single audit coordinators and public accountants to discuss issues related to auditing federal dollars. We are involved first-hand as new items are discussed and clarifications are provided for different areas.

### **Industry Involvement**

Eide Bailly governmental professionals are well-positioned in organizations associated with governmental entities. We are members of the AICPA Governmental Audit Quality Center, whose primary purpose is to promote the importance of quality government audits. We have also held leadership roles in the GFOA at both the national and local levels.



## Qualifications Statement

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. Several Eide Bailly professionals are on committees that have input into how new standards are written. This enables us to be involved from the beginning and influence the final outcome. Our clients benefit from our strong understanding of the standards and how they may affect their organization.

### **Peer Review**

A copy of our Firm's most recent peer review is included in Appendix A of this technical proposal. As the governmental industry is the Firm's third largest niche, the quality review included several governmental engagements.

### **Desk Reviews**

OMB Circular A-133 and federal grant agreements and contracts may require the review of financial statements and/or working papers by a federal or state agency. As these reviews are conducted, Eide Bailly cooperates fully with the agency requiring such reviews. All reviews have been resolved satisfactorily. No disciplinary action has been taken or is currently pending against the Firm as it relates to our assurance practice during the past five years by state regulatory bodies or professional organizations.

### **Reno Office Experience**

The Reno office of Eide Bailly will have primary responsibility for providing audit services to Incline Village General Improvement District. Professionals in the Reno office, during their tenure with Kafoury, Armstrong & Co., have been performing audits in Nevada for many years, and in the Reno office, governmental audit is our largest niche area. In addition we have several staff in the Reno office with specific experience performing the single audits. We serve a wide range of audit clients including governmental entities, nonprofit organizations, gaming establishments, manufacturing and distribution companies, employee benefit plans and insurance companies.

### **Personal, Customized Service**

During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. In addition, you will experience partner involvement during all phases of the engagement, as well as throughout the year.



## Qualifications Statement

We are passionate about our work—and your success. In selecting our proposed service team for Incline Village General Improvement District, we focused on two primary factors: technical/industry expertise and balanced hours.

### Service Team Members

Dan Carter, CPA will lead the team and serve as Engagement Partner and if awarded this engagement, will serve as your primary contact. In addition, Alec Rose will serve as a returning staff member with government experience. Additional staff will support the team as needed.

It is Eide Bailly's policy to have an engagement quality review on all engagements with a single audit and/or other factors as defined by the Firm's Quality Control Document. These partners are selected by the Firm's National Director of Assurance Services from an approved listing of partners in the Firm with industry specific experience.

Your service team has extensive experience in the government industry. The following is an overview of the Engagement Partner's resume.

### Dan Carter, CPA, Partner



Dan will serve as the Engagement Partner with responsibility for assuring audit quality and issuing the audit reports in accordance with established deadlines. He will obtain and review audit progress reports as provided by the Senior Manager. He will be present at entrance, progress, and exit conferences, and will be onsite and/or available during fieldwork. Dan has 12 years in public accounting, with experience in the governmental industry throughout his entire career. Dan is an audit partner located in our Reno, NV office and is registered and licensed to practice as a certified public accountant in Nevada.

Dan has extensive knowledge and experience with the GASB standards in providing technical assistance to clients and specific experience with the implementation of the new GASB pronouncements. Dan is a member of the AICPA, the Nevada Society of Certified Public Accountants (NSCPA), and the Association of Governmental Accountants.

Dan has approximately 120 hours of relevant continuing education over the past three years, with over 40 of his hours directly related to advanced governmental training.



We asked our clients to describe Eide Bailly...

*"... invaluable to our success ... leading-edge experts ... resourceful in recommending strategies ... there for us ... treats us as a valued customer ... passionate about helping clients ... valued business advisors."*

We encourage you to contact our clients so they can share their personal Eide Bailly experience with you.

## Qualifications Statement

### **Affirmative Action**

Eide Bailly adheres to the principles of Affirmative Action through our daily human resources and business operations practices. Members of your service team and all members of Eide Bailly operate within the Affirmative Action guidelines and value its objectives.

### **Continuity of Staff**

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Compared to the national average, Eide Bailly experiences a high retention rate – 88% for fiscal year 2015 – which translates to providing our clients with consistent service teams. We will strive for continuity of staff for your engagement. With this continuity comes quality, as team members' knowledge of your organization grows from year to year.

### **Similar Engagements with Other Governmental Agencies**

We recently asked our clients what they valued most about their relationship with our Firm. Industry knowledge, attentive service, genuine advice and friendly people were just a few of the responses we received. Our clients are truly the best critics of our service. The following is a representative listing of Nevada state and local government clients currently or recently (within the last three years) served by Eide Bailly as auditors, consultants, or both. We have put an asterisk next to those clients for which we performed the financial statement review for Certificate of Achievement purposes. We would be more than happy to provide IVGID with a comprehensive list of Firm governmental clients, should you have an interest.

#### **State Government**

- State of Nevada\*
- Legislative Counsel Bureau
- Local Government Investment Pool
- Nevada Higher Education Tuition Trust Fund
- Department of Education, Training, and Rehabilitation (Services to the Blind) (Agreed-Upon Procedures)
- Department of Health and Human Services (Subrecipient Monitoring)
- Nevada Capital Investment Corporation



## Qualifications Statement

### Local Government

#### Cities

- Las Vegas\*
- Sparks\*
- Carlin
- Lovelock
- Elko
- Fernley
- Fallon\*

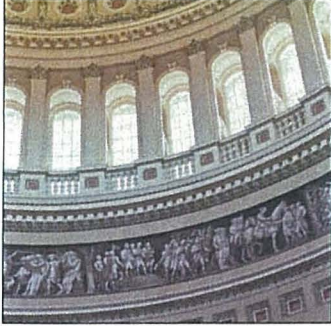
#### Counties

- Washoe\*
- Clark\*
- Carson City\*
- Elko
- Pershing
- Douglas
- Churchill\*
- Eureka

#### Special Districts

- Lovelock Meadows Water District
- Clark County Water Reclamation District
- Truckee Meadows Water Authority\*
- Truckee Meadows Water Reclamation Facility
- West Wendover Recreation District
- Elko County Recreation Board
- Incline Village General Improvement District\*
- Pershing County Tourism Authority





### Our Commitment

- Positive experience
- Partner involvement
- Frequent communication
- Timely service

## Project Approach

### Sampling

Sampling may be performed for tests of controls, compliance testing and substantive tests of certain accounts and transactions. During our audit of basic financial statements, we will also select various transactions for testing based on materiality assessed at the appropriate level. These transactions may include such items as capital asset additions, expenditures, subsequent disbursements and subsequent receipts. We will be pleased to discuss specific sample sizes and selection methods when they are determined, either during audit planning or during fieldwork. We will select the appropriate sample size to support our conclusions in compliance with laws and regulations.

We will use confirmations in the areas of cash and investments, debt and other areas deemed necessary.

We will perform tests of IVGID's compliance with certain provisions of laws, regulations, contracts and grants. We will assess the risk of material misstatement resulting from violations of laws and regulations having a direct and material effect on the determination of financial statement amounts. These laws and regulations can relate to items such as budgetary compliance, purchasing compliance and cash and investment compliance, as well as single audit compliance, as applicable.

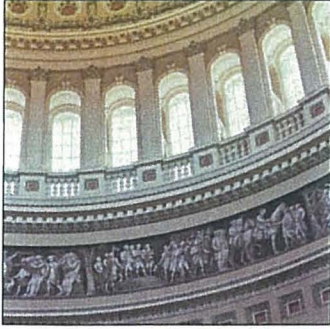
We will combine compliance tests of laws and regulations that involve the inspection of documentation supporting transactions with substantive tests of transactions and tests of control procedures.

Our audit will meet all federal and state requirements. Samples will be used to the extent necessary to support our conclusions on compliance with laws and regulations.

### Software

Eide Bailly staff utilizes progressive and effective software to streamline the audit process and make it as efficient as possible. The major software products we utilize include:

- **Prosystem Engagement** – Software to facilitate the preparation of audit adjustments and financial statements in a paperless format.
- **Audit Command Language (ACL)** – Data extraction software for various uses, including selecting samples, reconciling data, and exception reporting and recalculation.



## Project Approach

- **Microsoft Excel** – Software to prepare audit workpapers and schedules.
- **Microsoft Word** – Software to generate audit memos, audit correspondence and audit workpapers.

### **Analytical Procedures**

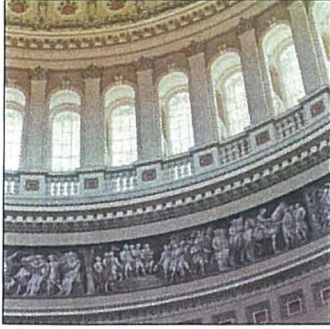
Eide Bailly will apply analytical procedures throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will be applied to assist in planning the nature, timing and extent of other procedures. They will be applied to all balance sheet, revenue/receipt and expense/expenditure areas. These procedures include, but are not limited to, the comparison of current year to prior year and budget amounts. Areas that show results different from those anticipated or planned will be further investigated to determine the validity of the variance.

Eide Bailly software will be used to the fullest extent possible in the analytical review, sampling, account analysis and federal program areas. We may ask your personnel to provide certain electronic data files, if available, on which we will use our data extraction software.

### **Internal Controls Approach**

The approach we will take to gain an understanding of your internal controls includes:

- Interview IVGID personnel
- Review organizational charts, accounting and procedure manuals and programs
- Complete internal control questionnaires
- Write-up system narratives
- Evaluate items selected for testing
- Review controls over financial information systems



## Project Approach

In addition, our engagement approach is based on two key assumptions:

- Observations we believe will help IVGID achieve its objectives will be shared. We will also be pleased to respond to inquiries you may have about financial or other business matters.
- The assistance to be provided by your personnel, including the preparation of schedules and analyses of accounts, will be discussed with the finance department. The timely completion of this work will assist us in performing our work efficiently.

### **Compliance with Laws and Regulations**

During the planning process, we will discuss with IVGID management and personnel the laws and regulations to which IVGID is subject. The object of our discussion will be to determine those laws and regulations that could have a material impact on the financial statements and those laws and regulations pertinent to IVGID's federal financial assistance programs. Pertinent to our discussion will be our knowledge of such laws and regulations, and our knowledge of Government Auditing Standards. We are aware of the applicable requirements, and consider them when determining the necessary audit procedures for IVGID.

### **Approach to Drawing Audit Samples**

We design our audit procedures for compliance using sampling procedures to result in sample items being selected on a random basis. To accomplish this, we utilize our data extraction software, ACL, to ensure our selections meet the established criteria while maintaining the random selection.

### **Expectations of IVGID Staff**

Our goal is that IVGID staff will spend minimal time preparing schedules, worksheets, or developing information. While we will rely on your staff to assist in the preparation of confirmations and attorney representation letter requests, we will provide templates for these. In addition we may request staff to provide supporting documentation to support our audit procedures; however, this will primarily involve obtaining original source documentation that should already be developed.



## Project Schedule

Our goal is help you meet your outlined deadlines. To do so, we anticipate the following project schedule:

### Planning (March-April):

- Develop audit timeframe
- Discuss new standards impacting Incline Village General Improvement District during the audit year
- Provide listing of audit information requested from Incline Village General Improvement District (i.e. PBC list)

### Interim Work (May-June):

- Gain knowledge of organization and environment
- Perform analytical procedures to identify audit risk areas
- Consider fraud through inquiry and brainstorming
- Perform risk assessment over key internal controls, including assessment of risk over IT controls
- Review minutes
- Determine audit procedures by area, based on results of planning and risk assessment
- Determine confirmation needs

### Fieldwork and Financial Statement Review (September):

- Audit areas based on risk assessment
- Select major federal award programs for audit using a risk-based approach
- Audit compliance over major federal award programs
- Obtain and prepare schedules and analyses supporting the financial information and major federal award program compliance requirements
- Discuss proposed journal entries with management
- Discuss preliminary findings, if any, with management
- Finalize findings, if any, and receive management's response to the findings
- Review DRAFT financial statements and provide comments to management

### Final Report and Data Collection Form (October-November):

- Provide audit reports for the final financial statements.
- Assist in preparation and submission of the data collection form to the federal clearinghouse



## Project Schedule

### **Exit Conferences and Presentations (November-December):**

- Discuss audit process with management and develop improvements for subsequent years
- Attend Incline Village General Improvement District Audit Committee and Board of Trustees meeting and present as needed

### **Ongoing Communication (December-March):**

- We are available throughout the year to provide independent guidance and assistance



## Fee Schedule

### Fee Structure

We have put a great deal of thought and analysis into our proposed fees. Currently there are no significant accounting or audit changes within in the industry that are expected to impact IVGID. If such changes occur, we will negotiate with IVGID to determine an appropriate revised fee. We are aware of the significant changes related to the fund structure within IVGID that would impact the audit. Based on the above, our proposed all-inclusive fee for the completion of the services requested by Incline Village General Improvement District is:

**Financial Statement Audit for June 30, 2016: \$56,000**  
**Single Audit Fee: \$5,000 for each major program**

The above fee was calculated to include the one time cost of converting our working papers, schedules, and trial balance to accommodate the change in fund structure that occurred July 1, 2015. If IVGID is willing to enter into a five year contract, we feel these costs could be recouped over the life of the contract. Given this, our fees would be as follows:

**Financial Statement Audit for June 30, 2016: \$52,500**  
**Financial Statement Audit for June 30, 2017: \$54,000**  
**Financial Statement Audit for June 30, 2018: \$55,500**  
**Financial Statement Audit for June 30, 2019: \$57,000**  
**Financial Statement Audit for June 30, 2020: \$58,500**  
**Single Audit Fee: \$5,000 for each major program**

Any out-of-pocket costs incurred during the performance of the engagement would be included in the fee quoted above.

### Emails and Letters from Residents

We may from time to time incur additional costs dealing with emails and letters from the residents of Incline Village. This additional time will be billed at our standard hourly rates which range from \$125-\$250 per hour depending on the service needed.

### Billing Policy Regarding Inquiries

We have found that clients appreciate access to all of their service team members. We embrace this need and will ensure all our team members are available to service your questions and issues. This level of service is included in the scope of the engagement. If a particular issue surfaces that falls outside the scope of this engagement, we will bring it to your attention and obtain approval before proceeding on a path of resolution.



### **The Eide Bailly Difference**

Many people ask what the “Eide Bailly Difference” is. The difference is the *client experience*. At Eide Bailly, we promise our clients an experience, second to none, where they feel **understood**, **connected** and **confident**.

## Why Choose Eide Bailly

Our work with clients is more than an engagement. It’s a relationship, built on value and trust – and results. When working with Eide Bailly, you will be:

### **Understood**

You have goals and dreams. We listen carefully to learn how we can help you now and in the future. By applying our technical and industry knowledge, we make the complex simple. If it’s important to you, it’s important to us.

### **Connected**

Our professionals bring their expertise and thought leadership to every interaction with you. You will benefit from new ideas, opportunities and solutions as they happen. We’ll connect you with the right resources and deliver comprehensive solutions in a respectful, peer-to-peer approach. We keep the answers within your reach.

### **Confident**

With Eide Bailly beside you, you’ll feel confident addressing challenges and embracing opportunities as they arise. We go the extra mile to deliver unmatched solutions for your business. Success is demanding. We’ve got your back.

### **We Want to Work with Incline Village General Improvement District**

Our people are excited about the opportunity to continue working with you and building on our trusting relationship with your team.

# Appendix A – Peer Review Report



## System Review Report

To the Partners of Eide Bailly LLP  
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eide Bailly LLP has received a peer review rating of *pass*.

*Cherry Bekaert LLP*

Cherry Bekaert LLP  
December 12, 2014





# CULTURE

## The Foundation of Success

Caring for our external and internal clients  
with a passion to go the extra mile.

Respecting our peers and their  
individual contributions.

Conducting ourselves with the highest level  
of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success  
of the Firm, not just individual or office success.

Stretching ourselves to be innovative and  
creative, while managing the related risks.

Recognizing the importance of maintaining  
a balance between work and home life.

Promoting positive working relationships.

And, most of all, enjoying our jobs ...  
and having fun!



[www.eidebailly.com](http://www.eidebailly.com)

## MEMORANDUM

**TO:** Audit Committee

**FROM:** Gerald W. Eick CPA CGMA  
Director of Finance, Accounting, Risk Management and Information  
Technology

**SUBJECT:** Designation for Audit Firm for Audit Services for Fiscal Year Ending  
June 30, 2016

**DATE:** March 23, 2016

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### **I. RECOMMENDATION**

The Audit Committee is recommending that the Board of Trustees designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2016, under their multiyear contract as outlined under the financial section.

### **II. BACKGROUND**

The Audit Committee is meeting March 30, 2016 to ratify the selection of the District's auditor. On the assumption that meeting finds it in order to recommend Eide Bailly, LLP a memo has been prepared to document the designation and recommendation to the Board of Trustees. The Engagement Letter is expected to be sent by the auditor later in April. Once received and reviewed it will be sent to the Audit Committee Chair for signature.

District Staff will notify the State Department of Taxation of our designation on or before March 31, 2016. As required by Nevada Revised Statute 354.624 and Nevada Administrative Code 354.705, each local government is required to designate an auditor or firm annually, not later than 3 months before the close of the fiscal year for which the audit is to be made.

At the direction of the Audit Committee, staff prepared and sent out a request for audit services in 2011 that resulted in Kafoury Armstrong & Co's selection under a multiyear engagement plan to control fee increases. The Audit Committee agreed that the multiple year fee schedule presented in Kafoury, Armstrong & Co. audit proposal presented an opportunity for cost savings over time and it would be prudent to consider this option and incorporate it into its award recommendation. In 2014, Eide Bailly, LLP has merged with Kafoury Armstrong

& Co. and has indicated a willingness to continue their engagements. The District was satisfied with the engagement team for June 30, 2105. They requested the opportunity to provide a proposal to continue to serve the District. This proposal has been distributed to the Audit Committee.

**III. FINANCIAL IMPACT AND BUDGET**

The following fee information was presented by Kafoury, Armstrong & Co. and was accepted by the Audit Committee:

<b>Fiscal Year Ending</b>	<b>*Annual Fee</b>
June 30, 2011	\$ 40,000
June 30, 2012	\$ 42,000
June 30, 2013	\$ 45,000
June 30, 2014	\$ 47,000
June 30, 2015	\$ 47,000

*\* The single audit fee is inclusive in the Annual Fee*

Also, the out of pocket travel cost are estimated not to exceed \$3,500 and are outside of the annual fees list above. (Now that our engagement team will be traveling from Reno, we saw a reduction in these costs for 2015).

Eide Bailly, LLP has proposed a continuation of the engagement under two alternatives (proposal is attached). One is to accept a one year engagement for a fee of \$56,000. As an alternative, they have proposed a five year continuation, subject to our continuing annual appointment for a fee structure as follows (now all inclusive):

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

**IV. COMMENTS**

The engagement letter will be received sometime in April. Staff has discussed a tentative set of dates. These include interim fieldwork in May and main audit work in September, with a delivery of the Audit Report in time to meet statutory requirements November 30, 2016. Staff anticipates the Audit Committee and the Board of Trustees would consider acceptance in December 2016.

## MEMORANDUM

**TO:** Board of Trustees

**FROM:** Audit Committee  
Members: Phil Horan, Chairman, Kendra Wong and Jim Hammerel

**SUBJECT:** Review, discuss and possibly select Eide Bailly, LLP as the District's Audit Firm for Audit Services for Fiscal Year Ending June 30, 2017; Cost would be \$54,000

**DATE:** December 5, 2016

---

### **I. RECOMMENDATION**

The Audit Committee is recommending that the Board of Trustees makes a motion to designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2017, under their multiyear contract as outlined under the financial section.

### **II. BACKGROUND**

The Audit Committee met December 14, 2016 to ratify the selection of the District's auditor. On the assumption that meeting finds it in order to recommend Eide Bailly, LLP, this memo has been prepared to document the designation. The Engagement Letter, when provided by the auditor, will be sent to the Audit Committee Chair for signature.

District Staff will notify the State Department of Taxation of our designation before March 31, 2017. As required by Nevada Revised Statute 354.624 and Nevada Administrative Code 354.705, each local government is required to designate an auditor or firm annually, not later than three (3) months before the close of the fiscal year for which the audit is to be made.

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

Review, discuss and possibly select-2-  
Eide Bailly, LLP as the District's Audit  
Firm for Audit Services for Fiscal Year  
Ending June 30, 2017; Cost would be \$54,000

December 5, 2016

### III. FINANCIAL IMPACT AND BUDGET

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

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

### IV. COMMENTS

District Staff expects an engagement letter will be received sometime in April each year. Staff has not discussed a tentative set of dates but anticipates plans for conducting fieldwork later in August with a delivery of the Audit Report in time to meet statutory requirements November 30, with acceptance by the Board of Trustees in December.

## M E M O R A N D U M

**TO:** Audit Committee

**FROM:** Gerald W. Eick CPA CGMA  
Director of Finance

**SUBJECT:** Review, discuss, and possibly approve designation of Eide Bailly, LLP as the District's Audit Firm for Audit Services for Fiscal Year Ending June 30, 2018

**DATE:** November 30, 2017

---

### **I. RECOMMENDATION**

Staff is recommending that the Audit Committee designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2018, under their multiyear contract (covering 2016 through 2020) as outlined under the financial section of this memorandum.

### **II. BACKGROUND**

The Audit Committee is meeting on December 13, 2017 to ratify the selection of the District's auditor. On the assumption that meeting finds it in order to recommend Eide Bailly, LLP, a memo has been prepared to document the designation and recommendation to the Board of Trustees. The Engagement Letter is expected to be sent, by the auditor, in April. Once received and reviewed, it will be sent to the Audit Committee Chair for signature.

District Staff will notify the State Department of Taxation of our designation on or before March 31, 2018. As required by Nevada Revised Statute 354.624 and Nevada Administrative Code 354.705, each local government is required to designate an auditor or firm annually, not later than three (3) months before the close of the fiscal year for which the audit is to be made.

At the direction of the Audit Committee, Staff prepared and sent out a request for audit services in 2016 that resulted in Eide Bailly, LLP indicating a willingness to continue their engagements. The District was satisfied with the engagement team for June 30, 2015. They requested the opportunity to provide a proposal to continue to serve the District. This proposal was distributed to the Audit Committee and accepted March 30, 2016 under the five-year structure.

**III. FINANCIAL IMPACT AND BUDGET**

Eide Bailly, LLP proposed a continuation of the engagement under two alternatives. One is to accept a one-year engagement for June 30, 2016 for a fee of \$56,000. As an alternative, they have proposed a five year continuation, subject to our continuing annual appointment for a fee structure as follows (now all inclusive):

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

The District has now completed two years under the five year agreement.

**IV. COMMENTS**

The engagement letter will be received sometime in April. Staff has discussed a tentative set of dates. These include interim fieldwork in May and main audit work in August or September, with a delivery of the Audit Report in time to meet statutory requirements November 30. Staff anticipates the Audit Committee and the Board of Trustees would consider acceptance in December. This scheduling will meet statutory requirements.

## M E M O R A N D U M

**TO:** Board of Trustees

**FROM:** Audit Committee

**SUBJECT:** Selection of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2019: Eide Bailly, LLP in the amount of \$57,000

**DATE:** November 30, 2018

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### **I. RECOMMENDATION**

The Audit Committee is recommending that the Board of Trustees designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2019, under their multiyear contract as outlined under the financial section (\$57,000 for Fiscal Year Ending June 30, 2019).

### **II. BACKGROUND**

The Audit Committee met on December 12, 2018 to ratify the selection of the District's auditor. On the assumption that finding it in order to recommend Eide Bailly, LLP, this memo has been prepared to document the designation. The Engagement Letter, when provided by the auditor, will be sent to the Audit Committee Chair for signature.

District Staff will notify the State Department of Taxation of our designation before March 31, 2019. As required by Nevada Revised Statute 354.624 and Nevada Administrative Code 354.705, each local government is required to designate an auditor or firm annually, not later than 3 months before the close of the fiscal year for which the audit is to be made.

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



Selection of Audit Firm for Audit -2-  
Services for Fiscal Year Ending  
June 30, 2019: Eide Bailly, LLP  
in the amount of \$57,000

November 30, 2018

### III. FINANCIAL IMPACT AND BUDGET

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

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

### IV. COMMENTS

District Staff expects an engagement letter will be received sometime in April of each year. Staff has discussed a tentative set of dates. We anticipate interim work in May or June, while conducting fieldwork later in August and September with a delivery of the Audit Report in time to meet statutory requirements of November 30. Acceptance by the Board of Trustees would follow in December.