

NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held **starting at 4:30 p.m.** on Wednesday, February 12, 2020 in the Chateau, 955 Fairway Boulevard, Incline Village, Nevada.

- A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*
- 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*)
- D. GENERAL BUSINESS ITEM (*for possible action*)
 - 1. Selection of an Audit Committee Chair (*reference Board Policy 15.1.0, subparagraph 2.8*) – **pages 3 - 6**
 - 2. Review, discuss and possibly revise Board Policy 15.1.0 to incorporate the attached Audit Committee Charter (Requesting Audit Committee Member: Trustee Sara Schmitz) – **pages 7 - 13**
 - 3. Review, discuss, and possibly provide direction to Staff on a Whistleblower Program and any revisions that may be required to Policy 15.1.0, Long Range Principles #3 and existing Human Resources policies and/or procedures (Requesting Audit Committee Member: Trustee Sara Schmitz) – **pages 14 - 37**
 - 4. Review, discuss and possibly request a bid from EideBailly for an internal financial control review with the scope of work to include (1) the review of existing financial control procedures and (2) formulation of recommendations for changes and/or additions to internal controls (Requesting Audit Committee Member: Trustee Sara Schmitz) – **pages 38 - 61**
 - 5. 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 (Requesting Audit Committee Member: Trustee Tim Callicrate) – **pages 62 - 102**
 - 6. Set the date/time for the next Audit Committee Meeting
- E. APPROVAL OF THE MEETING MINUTES (*for possible action*)
 - 1. Audit Committee Meeting of December 11, 2019 – **pages 103 - 120**
- F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.
- G. ADJOURNMENT (*for possible action*)

Incline Village General Improvement District

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

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

www.yourtahoeplace.com



NOTICE OF MEETING

Agenda for the Audit Committee Meeting of February 12, 2020 - Page 2

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, February 7, 2020, 2019 at 9:00 a.m., a copy of this agenda (Audit Committee Session of February 12, 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 Vorderbruggen Building (Administrative Offices)
2. Incline Village Post Office
3. Crystal Bay Post Office
4. Raley's Shopping Center
5. Incline Village Branch of Washoe County Library
6. IVGID's Recreation 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: *Tim Callicrate, Matthew Dent and Sara Schmitz*

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; 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.

M E M O R A N D U M

TO: Audit Committee Members

THROUGH: Indra S. Winqest
Interim District General Manager

FROM: Susan Herron, CMC
District Clerk

SUBJECT: Selection of an Audit Committee Chair (reference: Board Policy 15.1.0, subparagraph 2.8)

DATE: February 5, 2020

In accordance with IVGID's Policy 15.1.0, subparagraph 2.8 as follows:

2.8 To appoint a Chair for the Audit Committee who will act as the primary contact with the independent auditor and District Staff.

District Clerk Susan Herron will conduct the election of an Audit Committee Chair and the term of the position will be February 12, 2020 through December 31, 2020 unless the Audit Committee is reorganized prior to this date.

District Clerk Herron will open the agenda item by stating that the nominations for Audit Chair is now open. Nomination(s) from the Audit Committee members will be taken. Once all nomination(s) are made, District Clerk Herron will close the nomination(s) and call for a vote on each nomination(s).

Policy 15.1.0 is attached hereto for reference.



Accounting, Auditing, and Financial Reporting Audit Committee Policy 15.1.0

The Incline Village General Improvement District is committed to be proactive, informed, and providing the highest form of financial accountability to its parcel owners. Achieving this goal requires clear rules and procedures for making decisions and their impact on financial results. As required by Nevada Revised Statute (NRS) 354.624, each local government shall provide for an annual independent audit of all of its financial statements.

POLICY: Each year, the Board of Trustees may establish the need for an Audit Committee and appoint no less than three members to such committee. Members of the Committee shall remain in place until successors are appointed. Members of the Audit Committee should be current Board members. As a general rule, no one having managerial responsibilities that fall within the scope of the audit should serve as a committee member.

1.0 Independent auditor reports directly to the Audit Committee

The independent auditor reports directly to the Audit Committee. The Audit Committee is expected to maintain free and open communication with the independent auditor and District Staff. This communication may include periodic executive sessions with each of these parties. The independent auditor should not engage in any work that will result in billing a fee, unless authorized by the Audit Committee. This includes response to items brought forward by any internal or external source. This does not preclude the work they must perform to meet their professional responsibility.

2.0 Scope of Audit Committee's authority and responsibilities

The Audit Committee at a minimum shall have the following authority and responsibilities:

- 2.1 To select, evaluate and, if necessary, replace the District's independent auditor, and to approve all audit engagement fees and terms, subject to Board of Trustees approval.

Adopted November 15, 2017



**Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0**

- 2.2 To review, with management and the auditors, the District's annual auditor's planning, process and engagement decisions.
- 2.3 To review procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, auditing matters, or suspected fraud. Review any submissions that have been received, monitor their current status, and the document handling or disposition.
- 2.4 To review confidential and/or anonymous submission by the District's employees of concerns regarding questionable accounting or auditing matters, or suspected fraud that cannot be handled by other appropriate levels of management.
- 2.5 The Audit Committee must meet annually to consider the appointment of the District's Auditor, receive the Comprehensive Annual Audit Report and related communications. Also, if necessary to consider circumstances that arise beyond the scope of the Audit Engagement letter that could result in additional fees, and otherwise as determined the Audit Committee Chair. Meetings may be combined with regularly scheduled Board of Trustees meetings, or may be held more frequently as circumstances may require. The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.
- 2.6 To submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit.
- 2.7 To review and reassess, the adequacy of the Audit Committee responsibilities and recommend any proposed changes to the Board of Trustees for approval.
- 2.8 To appoint a Chair for the Audit Committee who will act as the primary contact with the independent auditor and District staff.

Adopted November 15, 2017



Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0

- 2.9 All members of the Audit Committee should possess or obtain a basic understanding of governmental financial reporting and auditing.
- 2.10 The Audit Committee will keep adequate minutes of its meetings and will report on its actions and activities at the next regular meeting of the District's Board of Trustees. Audit Committee members will be furnished with copies of the minutes of each Committee meeting.
- 2.11 The Audit Committee is governed by the same open meeting laws NRS 241 as long as three current District Board of Trustees members are on the Audit Committee and in attendance at the Audit Committee meetings.

MEMORANDUM

TO: Audit Committee

THROUGH: Tim Callicrate
Board Chair

FROM: Sara Schmitz
Audit Committee Member

SUBJECT: Review, discuss and possibly revise Board Policy 15.1.0 to incorporate the attached Audit Committee Charter

STRATEGIC

PLAN REFERENCE(S): Long Range Principles #2 and #6

DATE: January 31, 2020

I. RECOMMENDATION

Review the Washoe County Audit Committee Charter, which is attached, and identify the portions to be incorporated into Policy 15.1.0. which is also attached.

II. BACKGROUND

Policy 15.1.0 Accounting, Auditing, and Financial Reporting – Audit Committee needs to be revised to more robustly define the oversight responsibilities.

III. ALTERNATIVES

As deemed appropriate during discuss of this topic.

IV. STRATEGIC PLAN REFERENCE(S)

Long Range Principle #2

The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.

Long Range Principle #6

The District will engage, interact and educate to promote understanding of the programs, activities, services, and ongoing affairs.

- Promote transparency in all areas including finance, operations and public meetings.
- Provide clear, concise and timely information in multiple, publicly accessible formats.
- Ensure that both internal and external communication is responsive, comprehensive and inclusive.

V. **BUSINESS IMPACT**

The Audit Committee, Board, and District leaders are enabling all of staff to become actively engaged with the oversight of the Districts finances.

AUDIT COMMITTEE CHARTER

Purpose

The primary function of the Audit Committee is to assist the Board of County Commissioners in fulfilling its policy requirements in accordance with Washoe County Code by providing oversight over the County's financial statements, the systems of internal controls, the internal audit plans and reports, and the independent external auditor's assessment of financial statements. The Audit Committee is also to provide open communications between the Board of County Commissioners, the County Manager, Internal Audit, and the independent external auditors.

Scope

The Audit Committee shall provide oversight over the financial reporting process by being informed of all significant financial reporting matters, by reviewing the annual financial statement and disclosures with management and the independent external auditors on a timely basis, by reviewing the management report of findings and recommendations with management and the auditors, and by reviewing the performance of the independent external auditor on an annual basis.

The Audit Committee shall provide oversight over internal controls by assuring that systems of internal controls are being established by management and these systems are being reviewed on a regular and systematic basis for functionality and effectiveness by the Internal Auditor and by independent external auditors.

The Audit Committee shall specify the purpose, authority, and responsibility of the Internal Auditor in accordance with Washoe County Code. The Internal Auditor shall maintain independence, objectivity, professional proficiency, integrity, due professional care, and diligence in the performance of these responsibilities.

The Audit Committee shall review the work of the Internal Auditor by understanding how internal audits are conducted; by reviewing and approving the risk assessment and annual work plan of the Internal Auditor; by reviewing all audit reports; and by reviewing the annual report of audits completed, significant findings, and status of corrective actions.

Organization

Members of the Audit Committee shall be appointed by the Board of County Commissioners.

Audit Committee members shall be independent. They shall not accept any consulting, advisory, or other compensatory fee from the County and shall not be an affiliated person with the County or any subsidiary thereof (applicable to at-large members only).

The Audit Committee shall consist of an odd number of voting members with at least three (3) voting members and one advisory member (non-voting).

- Voting Member One: shall be appointed from the Board of County Commissioners with a one-year term.
 - An alternate member from the Board may also be appointed.
- All Other Voting Members: shall be appointed from at-large with appropriate expertise with staggering two-year terms.
 - For the first appointment, one member will serve a one-year term and the second will serve a two-year term.
 - Each subsequent appointment will serve two-year terms.
- Non-Voting Member: shall be the County Manager, or designee, to provide advice as needed.
- The Internal Auditor will provide staff assistance to the Audit Committee.

At least one member of the Audit Committee should be a financial expert with understanding and experience in generally accepted accounting principles, financial statements, internal accounting controls, auditing of financial statements, and audit committee functions.

One member of the Audit Committee shall be appointed by the Committee to be the Chair. With the inclusion of the Chair, it will be the responsibility of the Internal Auditor to schedule all meetings of the Committee and to provide the Committee members with a written agenda for each meeting.

The Internal Auditor will be responsible for ensuring the Audit Committee members receive appropriate and necessary briefings and training relative to internal controls, preparation of financial reports, internal audit processes, governmental regulations, and other pertinent information relative to this appointment.

The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.

The voting committee members are limited to two terms with the possibility of extending in the event there are no interested and qualified applicants.

Responsibility

The members of the Audit Committee shall be responsible for the following:

1. Meet at least four times a year or more frequently as circumstances require.
2. Adhere to and periodically review the Code of Ethical Standards (NRS 281A.400 – 281A.430), that promotes honest and ethical conduct; full, fair, accurate, timely, and understandable disclosure; and compliance with applicable governmental rules and regulations.
3. Evaluate managements' identification of fraud risks, implementation of anti-fraud measures and provide the tone at the top that fraud will not be accepted in any form.
4. Review procedures for the receipt, retention, and treatment of complaints received by the County regarding accounting, internal accounting controls, or auditing matters and any confidential, anonymous submissions by employees of the County regarding fraud and/or questionable accounting or auditing practices.
 - Review any complaints that might have been received, their current status, and resolution, if one has been reached.
 - Ensure proper steps to investigate and resolve complaints are timely
5. Conduct an annual meeting with the independent auditors, the County Manager, the Internal Auditor, the Finance Director, Comptroller, general counsel and anyone else as desired by the Committee.
 - Inquire about significant risks or exposures facing the County. Assess the steps management has taken or proposes to take to minimize such risk to the company and periodically review compliance with such steps.
 - Inquire about critical estimates of revenues and expenditures.
 - Inquire about off-balance sheet transactions, if any.
 - Review the policies and procedures with respect to executive expense and travel accounts with management. Consider the review of these areas by the Internal Auditor or the independent auditors.
 - Review with management and general counsel any legal and regulatory matters that may have a material impact on the financial statements and related company compliance policies in the opinion of management.
6. Participate in the selection, engagement, and dismissal of independent external auditors or auditing firms doing work for the County.
 - Ascertain that the Request for Proposal for the independent audit firm retained by the County for the annual financial audit is no less than every

five fiscal years with those directly supervising audit staff rotating at least every two years and audit partners rotating at least every five years.

- Consider, with management, the rationale for employing audit firms other than the principal independent auditors.

7. Review the audited annual financial statements including the Comprehensive Annual Financial Report with the County Manager, Finance Director, Comptroller, and the independent external auditor.

- Review the Management Letter of findings and recommendations and any schedule of unadjusted differences provided by the independent external auditors relative to the annual audit of the County's financial statements with the County Manager and the independent external auditors.
- Review the independent auditors' judgments about the quality, not just the acceptability, of the company's accounting principles as applied in its financial reporting.
- Any significant changes required in the independent auditor's audit plan.
- Any serious difficulties or disputes with management encountered during the audit.
- Review all matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, *Communication with Audit Committees* related to the conduct of the audit.
- Review the adequacy of the County's internal controls including computerized information system controls and security.
- Review with management and the independent auditor, the effect of any regulatory and accounting initiatives. Also review all critical accounting policies and practices used by the County.
- Review all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the County, the ramifications of each alternative, and the treatment preferred by the County.
- Ensure that the County Manager and the County Comptroller certify that financial reports are accurate and not misleading; and internal controls are sufficient and effective.
- Review interim financial reports with the County Manager and the financial staff to assure fair and accurate reporting.

8. Review the risk analysis and work plans of the Internal Auditor including the three-year schedule of audits to be submitted to the Board of County Commissioners.

- Review with the Internal Auditor, and the County Manager the audit scope and plan of the Internal Auditor.
 - Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
9. Evaluate the internal audit program and independent external audit program annually based on the annual report of audits performed, significant findings, recommendations, and implementation of corrective actions prior to submission of the annual report to the Board of County Commissioners and on any other observations and reports regarding the conduct of audits of County functions.
- Review all reports of audits, including responses by management (including implementation plans and timetable to correct weaknesses) prior to submission to the Board of County Commissioners.
 - Any difficulties the audit teams encountered in the course of their audits including any restrictions on the scope of their work or access to required information.
 - Any changes required in the scope of their audits.
 - The Internal Auditor's compliance with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing.
10. Report Committee actions to the Board of County Commissioners with recommendations as deemed appropriate.
11. Hire outside consultants as necessary upon the request of the Internal Auditor and subsequent approval of the Board of County Commissioners.
12. Review the Audit Committee Charter periodically and submit changes recommended by the County Manager to the Board of County Commissioners for approval.

M E M O R A N D U M

TO: Audit Committee

FROM: Sara Schmitz
Audit Committee Member

SUBJECT: Review, discuss, and possibly provide direction to Staff on a Whistleblower Program and any revisions that may be required to Policy 15.1.0, Long Range Principles #3 and existing Human Resources policies and/or procedures

STRATEGIC

PLAN REFERENCE(S): Long Range Principles #2, #3 (requires updates), and #6

DATE: January 31, 2020

I. RECOMMENDATION

That the Audit Committee review the attached Best Practices document (EideBailly's The Audit Committee's Role – Whistleblower Policies dated September 2018 by Peggy Jennings) as it pertains to whistleblower policies; review the existing procedures for the receipt, retention, and treatment of complaints; review and provide feedback on the recommended language to be incorporated into Policy 15.1.0 for Board approval; and provide Staff direction for any updates to the procedures.

The web link to the attached article is as follows:

<https://www.eidebailly.com/insights/articles/2018/9/whistleblower-policies>

The recommended update to policy 15.1.0 item 2.4 is to read:

“Review procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, or auditing matters and any confidential, anonymous submissions by employees of the District regarding fraud and/or questionable accounting or auditing practices.

- Review any complaints that might have been received, their current status, and resolution, if one has been reached.
- Ensure proper steps to investigate and resolve complaints are timely.”

The above language is taken from the Washoe County Audit Committee Charter which is attached.

The District Strategic Plan needs updates to Long Range Principle #3 to incorporate this process. The District also needs to review the Personnel Policy 2.10 which is attached hereto.

II. BACKGROUND

The Audit Committee is responsible for overseeing the procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, or auditing matters and any confidential, anonymous submissions by employees of the District regarding fraud and/or questionable accounting or auditing practices to ensure compliance with Policy 15.1.0, subparagraph 2.4. Attached are the minutes of the Audit Committee meeting for December 12, 2018 and May 6, 2019 which includes the annual report from the Audit Committee. These two documents discuss whistleblower items and are provided for reference. Also included is an “Open Message to All IVGID Employees” taken from the Intranet which provides information that is available to all IVGID employees and again is provided as a reference.

III. FINANCIAL IMPACT AND BUDGET

By enhancing and providing staff support related to these procedures, all members of staff become an active participant in overseeing and protecting our District’s finances.

IV. STRATEGIC PLAN REFERENCE(S)

Long Range Principle #2

The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.

Long Range Principle #3 – NEEDS UPDATING

This principle relates to employees. The principle needs to be updated to reflect the “whistleblower” procedures. In addition, there a reference to ethics should be developed and included.

Long Range Principle #6

The District will engage, interact and educate to promote understanding of the programs, activities, services, and ongoing affairs.

- Promote transparency in all areas including finance, operations and public meetings.
- Provide clear, concise and timely information in multiple, publicly accessible formats.
- Ensure that both internal and external communication is responsive, comprehensive and inclusive.

V. **BUSINESS IMPACT**

The Audit Committee, Board, and District leaders are enabling all of staff to become actively engaged with the oversight of the Districts finances.

The Audit Committee's Role - Whistleblower Policies

September 2018 | Article

By [Peggy Jennings](#)

Related Solutions:

[Audit & Assurance](#)

[Board Education & Training](#)

An effective whistleblower policy is a key defense against fraud and abuse of resources. The audit committee can play a significant role in establishing and monitoring this policy.

The first step in establishing a strong policy is to develop a culture in which employees view the reporting of questionable practices and actions as a contributing factor to an environment of integrity. The audit committee can play an important role in assuring all employees are encouraged to report suspected violations of internal policies or external laws.

To be effective, the reporting process must incorporate features that ensure confidentiality of those reporting their concerns. The audit committee must also ensure all employees are confident they will be protected from retaliation.

A sound whistleblower policy contains components such as the following:

- A flowchart of the reporting communication chain so all employees know who their primary reporting person is. This chart should include information regarding the persons involved in the receipt, handling, and disposition of complaints, including the role of the audit committee. Additional information should be included for any concerns involving top management, as these reports will require a different communication chain (such as directly to the chair of the audit committee or to internal counsel).
- Confidentiality safeguards that ensure anonymity of individuals communicating concerns, as well as the methodology for making an anonymous report.
- Information regarding how reported matters are investigated; for example, are all reports communicated to the audit committee? You might also consider having a process by which the disposition of concerns is communicated back to the reporting party (obviously not possible if concerns are anonymously reported).

- Safeguards in place regarding confidentiality, and perhaps a process used to investigate suspected retaliation against reporting parties.

Other matters to consider include:

- developing a process for internal audit of the whistleblower program to insure the operating effectiveness of the protocols, and,
- observing retention policies regarding documentation, investigation and resolution of reported concerns.

The importance of establishing a strong whistleblower policy cannot be over-emphasized. Of equal importance, however, is the knowledge such a process exists. It is imperative that employees recognize that their concerns are being communicated and that appropriate investigative steps will be taken to resolve them. While developing your policy, consider having all employees annually sign a statement stating that they are aware of the policy and are following established protocols.

Eide Bailly's Nonprofit team works closely with our Fraud & Forensic Advisory team to assist nonprofits in reviewing existing policies and evaluating the strength of internal controls. In addition, we have established an online anonymous hotline service that can be utilized by our clients. Please contact any member of your Eide Bailly service team to discuss how we can be of assistance.



LONG RANGE PRINCIPLE #3 Workforce

Attract, maintain and retain a highly qualified, motivated and productive workforce to meet the needs of District venues:


- Staff will evaluate open position job descriptions, for need to fill, level of and related compensation for the position.
- Re-evaluate, during the budget process, the optimum level of Staff and related total compensation, necessary to each department based on industry standard and levels of service.
- Comply with State and Federal regulations.
- Continue to provide a safe environment and continue to strive for low workers compensation incidents.
- Identify individuals for retention and growth for management succession within the District.
- Work with Staff to improve employee engagement and culture through focused performance management goals, engagement participation and incentives.

Objectives for 2020-2022

1. In order to remain competitive, use the rotating schedule for evaluating each position to ensure District is competitive with its total compensation and benchmarks.
2. Finalize selection and begin implementation of new Human Resources system for better efficiencies and automation.
3. Identify potential changes of status, costs and retention for year round Operations at various summer locations throughout the District.
4. Continue goal setting that encompasses employee engagement participation for measured performance measurement goals and objectives with set increases that correlate directly with goals and engagement measures.
5. Educate Management Staff through specific trainings on how to engage, educate and foster better communication.

Budgeted Initiatives for 2020-2022

- A. Review budget, number of positions to salary and benefits and conducts surveys to ensure we are doing our best to attract, maintain and retain qualified employees across the District and all statuses.

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- B. Understand the potential financial impacts of staffing, hourly wages, increased minimum wage and retention of year round employment changes at current recreational exemption status.
 - C. Continued communication, implementation and change to increase employee engagement participation that correlates with accountability and meeting set mutual goals for year round employees.
 - D. Conduct Management trainings at various times throughout the year to bring awareness to communication, the impact you can have on your employees and educate management and staff on Federal, State and our own personnel policies.
 - E. Choose and implement a new HRIS/Payroll system to increase efficiencies, automation, and communication to be used across all venues throughout the District.



PERSONNEL POLICIES

who are present at the workplace.

2.9 **Employment of Relatives (Nepotism)**

Pursuant to NRS 281.210, no supervisor, manager or appointing authority, including Trustees of the District may employ in any capacity on behalf of the District any relative who is within the third degree of consanguinity or affinity (see Appendix A Consanguinity/Affinity Chart). Existing employees may continue in their current position following the election of their relative to an appointing authority position.

No two benefitted employees shall work within the same department within the first degree of Consanguinity/Affinity. Departments are identified as Public Works, Parks & Recreation, Golf, Ski and Administration.

In addition, no person will be hired or promoted to a position that would require supervision by a relative who is within the third degree of consanguinity or affinity. For purposes of this paragraph, supervision includes first, second or higher levels of supervision. (Example: An employee reports to an immediate supervisor, who reports to a Division Manager, who reports to a Department Head. The employee may not be related within the third degree of consanguinity or affinity to the supervisor, Division Manager or Department Head.)

2.10 **Code of Conduct and Ethical Standards**

Employees of the District recognize that employment with the District is a public trust. To preserve that trust, the District insists on the highest code of conduct and ethical standards. The purpose of this policy is to define and establish standards of ethical conduct that are required of public officials and employees so as to ensure their professional integrity in the performance of their duties. SB228 requires that employees hired after June 13, 2013 will be provided information prepared by Nevada Ethics Commission concerning standards under NRS 281.

2-52

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

The employees of the District must comply with the following provisions while performing their duties and responsibilities and/or representing themselves as an employee of the District. This list is not all-inclusive, but simply provides the basic level of conduct expected.

1. All employees will conduct themselves with honesty and integrity in the course of performing their job.
2. They will act with care and diligence in the course of their employment.
3. They will treat everyone, including coworkers, subordinates, supervisors, customers and the public, with the utmost respect and courtesy.
4. They will accept and value differences amongst each other, our customers and the public.
5. They will comply with all applicable federal, state, and local laws.
6. They will comply with any lawful and reasonable direction given by someone in the District who has authority to give the direction.
7. They will maintain appropriate confidentiality.
8. They will disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with their employment.
9. They will be at work and on time regularly and perform their job duties in a responsible manner.
10. They will use District resources in a manner that is

2-53

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

acceptable to the District.

11. They will not provide false or misleading information in response to a request for information that is made for official purposes in connection with their employment.
12. They will, at all times, act in a way that upholds the values and the integrity and good reputation of the District.
13. They will comply with any other conduct requirement that is prescribed by the District as well as District policies.

In addition, consistent with the provisions of NRS 281A.400 and NRS 281.230, District's officials and employees are required to comply with the following ethical standards:

1. No official or employee shall seek or accept any gift, service, favor, employment, engagement, perquisite, gratuity, or economic opportunity or advantage which would tend improperly to influence a reasonable person in his/her position to depart from the faithful and impartial discharge of his/her public duties.
2. No official or employee shall use his/her position with the District to secure or grant unwarranted privileges, preferences, exemptions, or advantages for him/herself, any member of his/her household, any business entity in which s/he has a significant pecuniary interest, or any other person.
3. No official or employee shall participate as an agent of government in the negotiation or execution of a contract between the governmental entity and any private business in which s/he has a significant pecuniary interest.
4. No official or employee shall accept any salary, retainer, augmentation, expense allowance, or other compensation from any private source for the performance of his/her duties as an official or employee.

2-54

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

5. If an official or employee acquires, through his/her public duties or relationships, any information which, by law or practice, is not at the time available to the public generally, s/he shall not use such information to further his/her own current or future pecuniary interests or the current or future pecuniary interests of any other person or business entity.
6. No official or employee shall suppress any governmental report or other document or information because the release of such report or information has the potential to impact his/her own pecuniary interests or those with whom s/he has a business or personal relationship.
7. No official or employee shall use governmental time, property (including monies or funds), equipment, or other facility to benefit his/her personal or financial interests.
8. No official or employee shall attempt to benefit his/her personal or financial interest(s) by influencing or intimidating a subordinate.
9. No official or employee shall seek other employment or contracts through the use of his/her official position or the influence associated thereto.
10. An official or employee shall not, in any manner, directly or indirectly, receive any commission, personal profit, or compensation of any kind resulting from any contract or other transaction in which the District is in any way interested or affected except:
 - a. A member of any board, commission, or similar body who is engaged in the profession, occupation, or business regulated by the board, commission, or body may, in the ordinary course of his/her business, bid on or enter into a contract with any governmental agency, except the board or commission of which s/he is a

2-55

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

member, if s/he has not taken part in developing the contract plans or specifications and s/he will not be personally involved in opening, considering, or accepting offers.

- b. A public officer or employee, other than an officer or employee described in a. above, may bid on or enter into a contract with a governmental agency if the contracting process is controlled by rules of open competitive bidding, the sources of supply are limited, s/he has not taken part in developing the contract plans or specifications, and s/he will not be personally involved in opening, considering, or accepting offers.
- c. District employees will maintain professional conduct at all times with the Board of Trustees, other employees, the public and other agencies, and avoid any conduct that may be detrimental to the District.
- d. Exceptions for small gifts such as food which can be shared with other staff are acceptable as are tips for tip approved positions. Recreational venues may accept promotional items that are approved by the Department Head as long as under no circumstances will favoritism be displayed for a product as a result of a supplier gift.

Violations of any of the above provisions may result in disciplinary action, up to and including termination.

2.11 Political Activity

Employees are not to engage in political activity of any kind during working hours. This includes, but is not limited to: soliciting money, influence, service, or any other valuable thing to aid, promote, or defeat any political committee or the nomination or election of any person to public office. Wearing or displaying of apparel, buttons, insignia, or other items which advocate for or against a political candidate or a political cause is also an example of political activity

2-56

Adopted September 30, 2009; Effective November 1, 2009

Adopted and Effective February 10, 2010

Adopted June 13, 2012; Effective July 1, 2012

Adopted March 12, 2014; Effective April 1, 2014

MINUTES

AUDIT COMMITTEE MEETING OF DECEMBER 12, 2018 Incline Village General Improvement District

The special meeting of the Audit Committee of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Phil Horan on Wednesday, December 12, 2018 at 4:40 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Phil Horan and Peter Morris. Trustee Kendra Wong joined the meeting at 4:47 p.m.

Also present were District Staff Members Director of Finance Gerry Eick and Communications Coordinator Misty Moga.

Members of the public present were Margaret Martini, Frank Wright, Dan Carter, and Craig Morley.

(13 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

B. PUBLIC COMMENTS*

Margaret Martini read from a written statement which is attached hereto.

Frank Wright said first of all, he opposes Trustee Horan participating as he lives in Reno. What exactly do you do on the Audit Committee? The guy behind me is with Eide Bailly and Ms. Martini just gave a bunch of information and this guy just sat there and took no notes. There is a lot of allegations about money that is missing and reports issued to the auditors, Eide Bailly, and here you are about to approve to have them again and they don't do anything. The Audit Committee doesn't do anything and you are supposed to represent this community and you don't really do anything thus he is not sure why you are all on this committee. Financial disclosures for this District are nonexistent. Money that is missing is up to the auditors to see if it is missing and up to them to ask about it. He was at a Board meeting where Mrs. Dobler asked where the money was and no one answered her. Now Staff is hiding the information and scrambling for the facts. What it all comes down to is that he wants to let the auditors understand that they are responsible and that the public has seen some accounting and auditing firms that have paid huge fees for not doing their due diligence. He would not want to be the

auditors for this District. The Nevada Legislative numbers have changed and it is going to come down so he would not play games as things are going change. Be very diligent about what you do.

C. APPROVAL OF AGENDA (for possible action)

Chairman Horan asked for changes to the agenda; none were requested thus the agenda is approved as submitted.

D. REPORT TO AUDIT COMMITTEE*

D.1. Verbal Report from Chairman of the Audit Committee on the status of the updated Policy 15.1.0, sub-paragraph 2.4

Chairman Horan turned it over the District General Manager Pinkerton. District General Manager Pinkerton discussed the ability for employees to directly relay their concerns to the Audit Committee, that Staff implemented the required policy, and all employees have been made aware. Chairman Horan asked how we did that. District General Manager Pinkerton said it was communicated to the Management Team and is available online for awareness. Chairman Horan asked if the Director of Human Resources was responsible for managing that communication, District General Manager Pinkerton said yes, that is correct. Trustee Morris said that he has received nothing and asked if we have had any member of the team receive anything regarding the audit items. District General Manager Pinkerton said no, we have not. Trustee Wong confirmed that she has not received anything either.

E. GENERAL BUSINESS ITEM (for possible action)

E.1. Presentation and Acceptance of June 30, 2018 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor (Requesting Staff Member: Director of Finance Gerry Eick)

Director of Finance Gerry Eick gave an overview of the submitted memorandum. Eide Bailly Engagement Partner Dan Carter was present and said that they have provided an independent audit report with an unmodified opinion, which is the highest level of assurance they can provide and is a clean audit opinion. Agenda packet page 108 is the yellow book audit and on the last paragraph of the first page, it states that they did not find any deficiencies so again; this is a clean audit and a good opinion. Our Auditors

comments are on agenda packet page 110. There were no Nevada Revised Statutes or Nevada Administrative Code violations nor any findings related to the prior year's audit; a clean audit and opinion. Trustee Wong asked if there were any significant adjustments. Mr. Carter said no, they did find one but it was deemed a past adjustment that was an error in the pivot table and the District corrected it. Trustee Wong asked what is materiality. Mr. Carter said the auditors calculate as part of their audit and that it is the auditors' judgment as to what goes into our testing, etc. Trustee Morris said that you are aware that we have a small but pretty vocal group in the community who are all about accounts being fixed and fudged thus he would appreciate your professional comment that you found nothing on that. Mr. Carter replied that if we find things that concern us, we are required to report that. We have a team of three people plus him who look at the books and records and they found everything to be accurate. When we receive those communications, we do discuss them with the Audit Committee and Management and do consider those as part of our audit. Chairman Horan said following up on that, we have had some conversations and that there have been different times where people have addressed correspondence to you, State of Nevada, and us and that there was a letter sent in early September that suggested abuse of accounting and other things that weren't appropriate; were those considered in your opinion. Mr. Carter said yes, they were.

Trustee Wong made a motion to accept and recommend to the Board of Trustees approval and acceptance of the June 30, 2018 unmodified audit report and direct Staff to file the Comprehensive Annual Financial Report (CAFR) with the State of Nevada and make it generally available for public use. Trustee Morris seconded the motion. Chairman Horan asked for further comments, receiving none, he called the question and the motion was passed unanimously.

E.2. Designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2019 – Eide Bailly, LLP in the amount of \$57,000

Director of Finance Eick gave an overview of the submitted memorandum.

Trustee Morris said, regarding the annual fee in the memorandum, that this annual fee was the one that was previously set. Director of Finance Eick said that is correct and that it has remain unchanged.

Trustee Wong thanked Mr. Carter for their service.

Chairman Horan said that Eide Bailly is a well respected entity and that they also do the auditing for the city of Sparks as well as Washoe County and that their firm is ranked nineteenth or twentieth.

Trustee Wong made a motion to designate Eide Bailly, LLP as the District's audit firm for the fiscal year ending June 30, 2019, under their multiyear contract (covering 2016 through 2020) as outlined under the financial section in the amount of \$57,000. Trustee Morris seconded the motion. Chairman Horan asked for any comments, receiving none, he called the question and the motion was passed unanimously.

F. APPROVAL OF THE MEETING MINUTES (for possible action)

F.1. Audit Committee Meeting of January 24, 2018

Chairman Horan asked for any changes, receiving none, the minutes were approved as submitted.

G. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see Public Comment Advisory Statement above.

Frank Wright said as he suspected we approved a contract with Eide Bailly, which is like the oversight of a mall cop, and that he cannot believe they have done any due diligence to see what is going on in this place. He will predict that Eide Bailly will be found guilty of malfeasance. Today, he verified that the Audit Committee does nothing. What we have is a rubber stamp Audit Committee and Board who do not ask any questions about what this audit is trying to accomplish. All are complacent, all the information we are trying to get is being denied to us, and there are people who have grabbed on to that there are things that are wrong. Trustee Wong – who hid behind TrueBluFacts, Chairman Horan – doesn't live here, and Trustee Morris – who has serious financial problems; it is unbelievable that you allow the General Manager to act and it is unbelievable as he doesn't think you give a snot about this community. There are people who are going to come forward about the election and are upset about what is going to happen. He is going to make predictions – Chairman Horan, if you live in Reno, leave in peace and do not bring the negative to yourself. Trustee Morris, why are you bring the negative to yourself - do what is right.

Margaret Martini said that the Audit Committee should have members of the community on it and that there are certain members of the community who are far more qualified and who have asked to be on the committee yet they were members shunned from this committee which is inherently wrong. If you want to be there, you need input from a source that is not a member of the Board or someone who has far more qualifications. To Trustee Morris, there are a few who are causing all of these problems, well, we have more people at the Board meetings than you do. What does that say – exercise in futility, look at it, as you need to be open to qualified members of the community to give you advice because it is certainly needed.

H. ADJOURNMENT (*for possible action*)

The meeting was adjourned at 5:08 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.*

Submitted by Margaret Martini (1 page): IVGID December 12, 2018 Audit Committee Meeting Public Comments By: Margaret Martini – to be included with the Minutes of the Meeting

IVGID December 12, 2018 Audit Committee Meeting Public Comments
By: Margaret Martini – to be included with the Minutes of the Meeting

This Audit Committee exists in name only. It doesn't even attempt to meet the minimum standards of its responsibilities. Although there are three members, all the authority is vested in the Chair. Although it used to meet quarterly, it only meets annually. In November of 2017 it created a new Policy 15.1.0. One year later, this policy has no relevance as Chair Horan and Trustees Wong and Morris have failed to comply.

Today, there is no written annual Audit Committee Report for the District's Board as required under clause 2.6. There is also, no further explanation of the procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing matters or suspected fraud. There are also no reports of investigations, responses or resolution of these complaints.

Apparently, we will have a verbal report from the Chair on the status of subparagraph 2.4. Not having this written for advance review by our Trustees and our citizens does us all a disservice. So too, does a rubber stamp approval by this Committee of the Audited Report and the appointment of our auditor for another year. I say this because I have no confidence in this Committee and have no validation that they exercise any level of due diligence.

MINUTES

AUDIT COMMITTEE MEETING OF MAY 6, 2019 Incline Village General Improvement District

The special meeting of the Audit Committee of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Phil Horan on Monday, May 6, 2019 at 12:06 p.m. at the IVGID Boardroom located at 893 Southwood Boulevard, Incline Village, Nevada.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Phil Horan, Kendra Wong, and Peter Morris.

Also present were District Staff Members Director of Finance Gerry Eick.

No members of the public were present.

(6 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

B. PUBLIC COMMENTS*

No members of the public were present.

C. APPROVAL OF AGENDA (for possible action)

Chairman Horan asked for changes to the agenda; none were requested therefore the agenda is approved as submitted.

D. GENERAL BUSINESS ITEM (for possible action)

1. Review, discuss and possibly approve the Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2018 (Requesting Trustee: Chairman of the Audit Committee Phil Horan)

Chairman Horan asked the Director of Finance Eick to walk the Audit Committee Members through the submitted report; Director of Finance Eick did so. Chairman Horan asked if the report would come to the next Board of Trustees meeting; Director of Finance Eick said Staff will post it and notify the Board of Trustees as such. Chairman Horan said that two things that were of importance to him was the correspondence received by Eide Bailly

and their confirmation of no items that needed consideration and then the revision to the policy the opportunity to District Staff to report, in a confidential matter, they could report any activity they desired. Trustee Wong said that this e-mail served as a whistleblower hotline doesn't allow for doing so without attribution to the person sending the e-mail. Director of Finance Eick said that we identified the members of the Audit Committee and told Staff they could contact any member without management involvement. There is no State requirement for local governments to have an anonymous method. Trustee Morris agreed with having an anonymous method to report. Trustee Wong suggested a form be created with submittal directly to the Audit Committee. Director of Finance Eick said the Intranet is being reconfigured and he can create a form relatively quickly and easily. Chairman Horan confirmed that he thinks the policy allows for more than one way for this reporting to be done. Director of Finance Eick will add that as item number 4 to the report. Trustee Morris asked if there had been any other communications that the Audit Committee needs to respond to. Director of Finance Eick said that he and the District Clerk are working on a public records request that is about something that he will show to the auditors.

Trustee Morris made a motion to approve the Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2018. Trustee Wong seconded the motion. Chairman Horan asked for any further comments, none were received so he called the question – the motion was passed unanimously.

E. APPROVAL OF THE MEETING MINUTES (for possible action)

1. Audit Committee Meeting of December 12, 2018

Chairman Horan asked for any changes, none were received so the minutes were approved as submitted.

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see Public Comment Advisory Statement above.

No members of the public were present.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 12:17 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.*

MEMORANDUM

TO: Board of Trustees

FROM: Audit Committee
Phil Horan, Kendra Wong and Peter Morris

SUBJECT: Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2018

DATE: May 1, 2019

Matters Relating to the Fiscal Year Ended June 30, 2018:

1. The Audit Committee met December 13, 2017 to ratify the selection of the District's auditor for the year ending June 30, 2018. The Board of Trustees approved that appointment and the State was informed of the designation of the auditor according to Statute.
2. Audit Committee members have had access to correspondence addressed to the Board of Trustees. Several of these items referred to audit and financial reporting issues. The Audit Committee Chair discussed the consideration of this correspondence with the Audit Engagement Partner during the September 2018 Fieldwork. The Audit Engagement Partner indicated no further action was deemed necessary.
3. The Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018 was received November 30 by District Staff and was distributed through the Agenda Packet for the December 12, 2018 meetings. The Independent Auditor's Report is Unmodified. Further, their Report on Internal Control and Compliance has no items to report. The Audit Committee and the Board accepted the June 30, 2018 CAFR and had it distributed as required by Statute.
4. After the December 12 meeting, the Audit Committee received the Independent Auditor's letter on professional responsibility. This sometimes is called the communication with those charged with governance. It is addressed to the Audit Committee and is intended solely for the Audit Committee, the Board of Trustees, and management. All Trustees received a copy of this letter.

Other Matters Going Forward:

1. With the revision of Policy 15.1.0, the Audit Chair asked Staff to propose a method to identify and track correspondence or other contacts that might be made to the Audit Committee outside of process for Board of Trustee correspondence. Staff recommended the establishment of an email account through ivgid.org specifically for the Audit Committee. This accounts allows the receipt to be date and time stamped and provide a ready method for tracking responses, referrals of these contacts, as well as any resolution. The email account is administered by the District Clerk and accessible by the Audit Committee members.

The District General Manager and District Clerk made a report to the Audit Committee about activity on the account through December 12, 2018.

2. The Committee asked Senior Staff to clearly communicate to all Staff, the invitation for confidential communication with the Audit Committee. A special section has been established on the District's Staff Intranet that presents the Policy 15.1.0 and provides the Audit Chair's and Committee Members contact information. The District General Manager had this completed through the Senior Team.
3. For the sake of efficiency, the Audit Committee ratified the designation of Eide Bailly, LLP for approval by the Board of Trustees, for the fiscal year ending June 30, 2019, for the December 12, 2018 meetings.

Open Message to All IVGID Employees

The Audit Committee of the Board of Trustees updated its Policy 15.1.0 effective November 15, 2017. During their discussion, the Committee emphasized a desire to be inviting to all IVGID Employees who feel they want to report a matter of concern that does not fit under the Personnel Policies. This approach and responsibility is embodied in Section 2.4 of Policy 15.1.0. Your submission will be held in confidence.

The Intranet Audit Section has a directory of IVGID Trustees. The Audit Committee Chair is Phil Horan and other members are Kendra Wong and Peter Morris.

Another method to submit items is an email account auditcommittee@ivgid.org. The site is administered by the Committee members and the District Clerk.

MEMORANDUM

TO: Audit Committee

FROM: Sara Schmitz
Audit Committee Member

SUBJECT: Review, discuss and possibly request a bid from EideBailly for an internal financial control review with the scope of work to include (1) the review of existing financial control procedures and (2) formulation of recommendations for changes and/or additions to internal controls

STRATEGIC

PLAN REFERENCE(S): Long Range Principles #2 and #6

DATE: January 31, 2020

I. RECOMMENDATION

That the Audit Committee makes a motion to request a bid from EideBailly for an internal financial control review with the scope of work to include (1) the review of existing financial control procedures and (2) formulation of recommendations for changes and/or additions to internal controls.

II. BACKGROUND

In 2017, Eide Bailly stated there was a deficiency in our internal financial controls. I have requested to review the internal controls referenced in the 2019 CAFR. As of the date of this agenda item, none have been provided. Therefore, internal controls, which are the responsibility of the Audit Committee to oversee, need to be reviewed and/or created.

III. BID RESULTS

The bid and scope of work would be placed on a future Board of Trustees agenda for the allocation and approval of funding.

Review, discuss and possibly request a bid from EideBailly for an internal financial control review with the scope of work to include (1) the review of existing financial control procedures and (2) formulation of recommendations for changes and/or additions to internal controls

-2-

January 31, 2020

IV. FINANCIAL IMPACT AND BUDGET

There is no budget for this agenda item, therefore the Audit Committee will need to present the bid and scope of work to the Board of Trustees and the General Manager for allocation of funds and approval.

V. STRATEGIC PLAN REFERENCE(S)

Long Range Principle #2

The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.

Long Range Principle #6

The District will engage, interact and educate to promote understanding of the programs, activities, services, and ongoing affairs.

- Promote transparency in all areas including finance, operations and public meetings.
- Provide clear, concise and timely information in multiple, publicly accessible formats.
- Ensure that both internal and external communication is responsive, comprehensive and inclusive.

VI. BUSINESS IMPACT

To ensure proper internal controls of the District's finances.

MEMORANDUM

TO: Board of Trustees

FROM: Indra S. Winquest
Interim General Manager

SUBJECT: Review, discuss, and provide further direction for consideration of possibly seeking a request for proposals to conduct a review of District Internal Controls.

DATE: December 24, 2019

I. RECOMMENDATION

At the December 11, 2019 Board of Trustees meeting, Staff was directed to provide information on the nature and format of the national standards for internal controls. These formats and standards could presumably aid the Board in deciding a scope for a District Internal Control Review and Report. The recognized standard is entitled *Internal Control – Integrated Framework*. A copy of the Committee of Sponsoring Organizations of the Treadway Commission Internal Control - Integrated Framework Executive Summary dated May 2013, (downloaded from their website) has been attached for your review.

II. COMMENTS

Staff recommends the Board of Trustees use the Framework to develop objectives and a scope of their expectations for a review of internal controls.

III. FINANCIAL IMPACT

There is nothing included in the 2019/2020 budget for this activity therefore there are two options:

- a. Conduct this activity as an unbudgeted activity in Fiscal Year 2019/2020 and make a determination of where the funding will come from
- b. Conduct this activity as a budget activity in Fiscal Year 2020/2021 which will allow for a determination of where the funding will come from

IV. BOARD LEADERSHIP

Since this is a Board of Trustees requested activity, one Board member should be appointed at the Board of Trustees leadership to oversee, direct and ensure that this activity concurs with what the Board of Trustees desires.



Committee of Sponsoring Organizations of the Treadway Commission

Internal Control – Integrated Framework

Executive Summary

An abstract graphic composed of numerous overlapping, semi-transparent geometric shapes, primarily triangles and polygons, in shades of yellow, green, and purple. The shapes are arranged to create a sense of depth and movement, resembling a stylized plant or a cluster of crystals. The colors transition from bright yellow and green on the left to darker purple and blue on the right.

May 2013

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Committee of Sponsoring Organizations of the Treadway Commission

Internal Control – Integrated Framework

Executive Summary

May 2013

This project was commissioned by COSO, which is dedicated to providing thought leadership through the development of comprehensive frameworks and guidance on internal control, enterprise risk management, and fraud deterrence designed to improve organizational performance and oversight and to reduce the extent of fraud in organizations. COSO is a private sector initiative, jointly sponsored and funded by:

- American Accounting Association (AAA)
- American Institute of Certified Public Accountants (AICPA)
- Financial Executives International (FEI)
- Institute of Management Accountants (IMA)
- The Institute of Internal Auditors (IIA)

Committee of Sponsoring Organizations of the Treadway Commission

Board Members

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COSO Chair

Mark S. Beasley
Douglas F. Prawitt
American Accounting Association

Richard F. Chambers
The Institute of Internal Auditors

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*American Institute of Certified
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Chair Emeritus COSO

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Kenneth L. Vander Wal
ISACA
International President
2011–2012

Regulatory Observers and Other Observers

James Dalkin
Government Accountability Office
Director in the Financial
Management and
Assurance Team

Harrison E. Greene Jr.
Federal Deposit Insurance
Corporation
Assistant Chief Accountant

Christian Peo
Securities and Exchange
Commission
Professional Accounting Fellow
(Through June 2012)

Amy Steele
Securities and Exchange
Commission
Associate Chief Accountant
(Commencing July 2012)

Vincent Tophoff
International Federation
of Accountants
Senior Technical Manager

Keith Wilson
Public Company Accounting
Oversight Board
Deputy Chief Auditor

Foreword

In 1992 the Committee of Sponsoring Organizations of the Treadway Commission (COSO) released its *Internal Control—Integrated Framework* (the original framework). The original framework has gained broad acceptance and is widely used around the world. It is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control.

In the twenty years since the inception of the original framework, business and operating environments have changed dramatically, becoming increasingly complex, technologically driven, and global. At the same time, stakeholders are more engaged, seeking greater transparency and accountability for the integrity of systems of internal control that support business decisions and governance of the organization.

COSO is pleased to present the updated *Internal Control—Integrated Framework (Framework)*. COSO believes the *Framework* will enable organizations to effectively and efficiently develop and maintain systems of internal control that can enhance the likelihood of achieving the entity's objectives and adapt to changes in the business and operating environments.

The experienced reader will find much that is familiar in the *Framework*, which builds on what has proven useful in the original version. It retains the core definition of internal control and the five components of internal control. The requirement to consider the five components to assess the effectiveness of a system of internal control remains unchanged fundamentally. Also, the *Framework* continues to emphasize the importance of management judgment in designing, implementing, and conducting internal control, and in assessing the effectiveness of a system of internal control.

At the same time, the *Framework* includes enhancements and clarifications that are intended to ease use and application. One of the more significant enhancements is the formalization of fundamental concepts that were introduced in the original framework. In the updated *Framework*, these concepts are now principles, which are associated with the five components, and which provide clarity for the user in designing and implementing systems of internal control and for understanding requirements for effective internal control.

The *Framework* has been enhanced by expanding the financial reporting category of objectives to include other important forms of reporting, such as non-financial and internal reporting. Also, the *Framework* reflects considerations of many changes in the business and operating environments over the past several decades, including:

- Expectations for governance oversight
- Globalization of markets and operations
- Changes and greater complexities of business
- Demands and complexities in laws, rules, regulations, and standards
- Expectations for competencies and accountabilities
- Use of, and reliance on, evolving technologies
- Expectations relating to preventing and detecting fraud

This *Executive Summary*, provides a high-level overview intended for the board of directors, chief executive officer, and other senior management. The *Framework and Appendices* publication sets out the *Framework*, defining internal control, describing requirements for effective internal control including components and relevant principles, and providing direction for all levels of management to use in designing, implementing, and conducting internal control and in assessing its effectiveness. Appendices within the *Framework and Appendices* provide additional reference, but are not considered a part of the *Framework*. The *Illustrative Tools for Assessing Effectiveness of a System of Internal Control*, provides templates and scenarios that may be useful in applying the *Framework*.

In addition to the *Framework*, *Internal Control over External Financial Reporting: A Compendium of Approaches and Examples* has been published concurrently to provide practical approaches and examples that illustrate how the components and principles set forth in the *Framework* can be applied in preparing external financial statements.

COSO previously issued *Guidance on Monitoring Internal Control Systems* to help organizations understand and apply monitoring activities within a system of internal control. While this guidance was prepared to assist in applying the original framework, COSO believes this guidance has similar applicability to the updated *Framework*.

COSO may, in the future, issue other documents to provide assistance in applying the *Framework*. However, neither the *Internal Control over External Financial Reporting: A Compendium of Approaches and Examples*, *Guidance on Monitoring Internal Control Systems*, nor any other past or future guidance takes precedence over the *Framework*.

Among other publications published by COSO is the *Enterprise Risk Management—Integrated Framework (ERM Framework)*. The *ERM Framework* and the *Framework* are intended to be complementary, and neither supersedes the other. Yet, while these frameworks are distinct and provide a different focus, they do overlap. The *ERM Framework* encompasses internal control, with several portions of the text of the original *Internal Control—Integrated Framework* reproduced. Consequently, the *ERM Framework* remains viable and suitable for designing, implementing, conducting, and assessing enterprise risk management.

Finally, COSO would like to thank PwC and the Advisory Council for their contributions in developing the *Framework* and related documents. Their full consideration of input provided by many stakeholders and their insight were instrumental in ensuring that the core strengths of the original framework have been preserved, clarified, and strengthened.

David L. Landsittel
COSO Chair

Executive Summary

Internal control helps entities achieve important objectives and sustain and improve performance. COSO's *Internal Control—Integrated Framework (Framework)* enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization.

Designing and implementing an effective system of internal control can be challenging; operating that system effectively and efficiently every day can be daunting. New and rapidly changing business models, greater use and dependence on technology, increasing regulatory requirements and scrutiny, globalization, and other challenges demand any system of internal control to be agile in adapting to changes in business, operating and regulatory environments.

An effective system of internal control demands more than rigorous adherence to policies and procedures: it requires the use of judgment. Management and boards of directors¹ use judgment to determine how much control is enough. Management and other personnel use judgment every day to select, develop, and deploy controls across the entity. Management and internal auditors, among other personnel, apply judgment as they monitor and assess the effectiveness of the system of internal control.

The *Framework* assists management, boards of directors, external stakeholders, and others interacting with the entity in their respective duties regarding internal control without being overly prescriptive. It does so by providing both understanding of what constitutes a system of internal control and insight into when internal control is being applied effectively.

For management and boards of directors, the *Framework* provides:

- A means to apply internal control to any type of entity, regardless of industry or legal structure, at the levels of entity, operating unit, or function
- A principles-based approach that provides flexibility and allows for judgment in designing, implementing, and conducting internal control—principles that can be applied at the entity, operating, and functional levels
- Requirements for an effective system of internal control by considering how components and principles are present and functioning and how components operate together
- A means to identify and analyze risks, and to develop and manage appropriate responses to risks within acceptable levels and with a greater focus on anti-fraud measures

¹ The *Framework* uses the term "board of directors," which encompasses the governing body, including board, board of trustees, general partners, owner, or supervisory board.



- An opportunity to expand the application of internal control beyond financial reporting to other forms of reporting, operations, and compliance objectives
- An opportunity to eliminate ineffective, redundant, or inefficient controls that provide minimal value in reducing risks to the achievement of the entity's objectives

For external stakeholders of an entity and others that interact with the entity, application of this *Framework* provides:

- Greater confidence in the board of directors' oversight of internal control systems
- Greater confidence regarding the achievement of entity objectives
- Greater confidence in the organization's ability to identify, analyze, and respond to risk and changes in the business and operating environments
- Greater understanding of the requirement of an effective system of internal control
- Greater understanding that through the use of judgment, management may be able to eliminate ineffective, redundant, or inefficient controls

Internal control is not a serial process but a dynamic and integrated process. The *Framework* applies to all entities: large, mid-size, small, for-profit and not-for-profit, and government bodies. However, each organization may choose to implement internal control differently. For instance, a smaller entity's system of internal control may be less formal and less structured, yet still have effective internal control.

The remainder of this Executive Summary provides an overview of internal control, including a definition, categories of objective, description of the requisite components and associated principles, and requirement of an effective system of internal control. It also includes a discussion of limitations—the reasons why no system of internal control can be perfect. Finally, it offers considerations on how various parties may use the *Framework*.

Defining Internal Control

Internal control is defined as follows:

Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

This definition reflects certain fundamental concepts. Internal control is:

- *Geared to the achievement of objectives* in one or more categories—operations, reporting, and compliance
- *A process* consisting of ongoing tasks and activities—a means to an end, not an end in itself
- *Effected by people*—not merely about policy and procedure manuals, systems, and forms, but about people and the actions they take at every level of an organization to affect internal control
- *Able to provide reasonable assurance*—but not absolute assurance, to an entity's senior management and board of directors
- *Adaptable to the entity structure*—flexible in application for the entire entity or for a particular subsidiary, division, operating unit, or business process

This definition is intentionally broad. It captures important concepts that are fundamental to how organizations design, implement, and conduct internal control, providing a basis for application across organizations that operate in different entity structures, industries, and geographic regions.

Objectives

The *Framework* provides for three categories of objectives, which allow organizations to focus on differing aspects of internal control:

- *Operations Objectives*—These pertain to effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- *Reporting Objectives*—These pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or the entity's policies.
- *Compliance Objectives*—These pertain to adherence to laws and regulations to which the entity is subject.

Components of Internal Control

Internal control consists of five integrated components.

Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The control environment comprises the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.

Risk Assessment

Every entity faces a variety of risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed.

A precondition to risk assessment is the establishment of objectives, linked at different levels of the entity. Management specifies objectives within categories relating to operations, reporting, and compliance with sufficient clarity to be able to identify and analyze risks to those objectives. Management also considers the suitability of the objectives for the entity. Risk assessment also requires management to consider the impact of possible changes in the external environment and within its own business model that may render internal control ineffective.

Control Activities

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is not practical, management selects and develops alternative control activities.

Information and Communication

Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information. Internal communication is the means by which information is disseminated throughout the organization, flowing up, down, and across the entity. It enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously. External communication is twofold: it enables inbound communication of relevant external information, and it provides information to external parties in response to requirements and expectations.

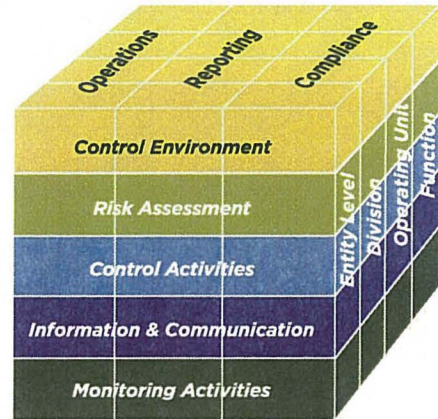
Monitoring Activities

Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning. Ongoing evaluations, built into business processes at different levels of the entity, provide timely information. Separate evaluations, conducted periodically, will vary in scope and frequency depending on assessment of risks, effectiveness of ongoing evaluations, and other management considerations. Findings are evaluated against criteria established by regulators, recognized standard-setting bodies or management and the board of directors, and deficiencies are communicated to management and the board of directors as appropriate.

Relationship of Objectives and Components

A direct relationship exists between *objectives*, which are what an entity strives to achieve, *components*, which represent what is required to achieve the objectives, and the *organizational structure* of the entity (the operating units, legal entities, and other). The relationship can be depicted in the form of a cube.

- The three categories of objectives—operations, reporting, and compliance—are represented by the columns.
- The five components are represented by the rows.
- An entity's organizational structure is represented by the third dimension.



Components and Principles

The *Framework* sets out seventeen principles representing the fundamental concepts associated with each component. Because these principles are drawn directly from the components, an entity can achieve effective internal control by applying all principles. All principles apply to operations, reporting, and compliance objectives. The principles supporting the components of internal control are listed below.

Control Environment

1. The organization² demonstrates a commitment to integrity and ethical values.
2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

² For purposes of the *Framework*, the term "organization" is used to collectively capture the board, management, and other personnel, as reflected in the definition of internal control.

Risk Assessment

6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.
9. The organization identifies and assesses changes that could significantly impact the system of internal control.

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
11. The organization selects and develops general control activities over technology to support the achievement of objectives.
12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Information and Communication

13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The organization communicates with external parties regarding matters affecting the functioning of internal control.

Monitoring Activities

16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Effective Internal Control

The *Framework* sets forth the requirements for an effective system of internal control. An effective system provides reasonable assurance regarding achievement of an entity's objectives. An effective system of internal control reduces, to an acceptable level, the risk of not achieving an entity objective and may relate to one, two, or all three categories of objectives. It requires that:

- Each of the five components and relevant principles is present and functioning. "Present" refers to the determination that the components and relevant principles exist in the design and implementation of the system of internal control to achieve specified objectives. "Functioning" refers to the determination that the components and relevant principles continue to exist in the operations and conduct of the system of internal control to achieve specified objectives.
- The five components operate together in an integrated manner. "Operating together" refers to the determination that all five components collectively reduce, to an acceptable level, the risk of not achieving an objective. Components should not be considered discretely; instead, they operate together as an integrated system. Components are interdependent with a multitude of interrelationships and linkages among them, particularly the manner in which principles interact within and across components.

When a major deficiency exists with respect to the presence and functioning of a component or relevant principle, or with respect to the components operating together in an integrated manner, the organization cannot conclude that it has met the requirements for an effective system of internal control.

When a system of internal control is determined to be effective, senior management and the board of directors have reasonable assurance, relative to the application within the entity structure, that the organization:

- Achieves effective and efficient operations when external events are considered unlikely to have a significant impact on the achievement of objectives or where the organization can reasonably predict the nature and timing of external events and mitigate the impact to an acceptable level
- Understands the extent to which operations are managed effectively and efficiently when external events may have a significant impact on the achievement of objectives or where the organization can reasonably predict the nature and timing of external events and mitigate the impact to an acceptable level
- Prepares reports in conformity with applicable rules, regulations, and standards or with the entity's specified reporting objectives
- Complies with applicable laws, rules, regulations, and external standards

The *Framework* requires judgment in designing, implementing, and conducting internal control and assessing its effectiveness. The use of judgment, within the boundaries established by laws, rules, regulations, and standards, enhances management's ability to make better decisions about internal control, but cannot guarantee perfect outcomes.

Limitations

The *Framework* recognizes that while internal control provides reasonable assurance of achieving the entity's objectives, limitations do exist. Internal control cannot prevent bad judgment or decisions, or external events that can cause an organization to fail to achieve its operational goals. In other words, even an effective system of internal control can experience a failure. Limitations may result from the:

- Suitability of objectives established as a precondition to internal control
- Reality that human judgment in decision making can be faulty and subject to bias
- Breakdowns that can occur because of human failures such as simple errors
- Ability of management to override internal control
- Ability of management, other personnel, and/or third parties to circumvent controls through collusion
- External events beyond the organization's control

These limitations preclude the board and management from having absolute assurance of the achievement of the entity's objectives—that is, internal control provides reasonable but not absolute assurance. Notwithstanding these inherent limitations, management should be aware of them when selecting, developing, and deploying controls that minimize, to the extent practical, these limitations.

Using the *Internal Control—Integrated Framework*

How this report can be used depends on the roles of the interested parties:

- *The Board of Directors*—The board should discuss with senior management the state of the entity's system of internal control and provide oversight as needed. Senior management is accountable for internal control and to the board of directors, and the board needs to establish its policies and expectations of how members should provide oversight of the entity's internal control. The board should be apprised of the risks to the achievement of the entity's objectives, the assessments of internal control deficiencies, the management actions deployed to mitigate such risks and deficiencies, and how management assesses the effectiveness of the entity's system of internal control. The board should challenge management and ask the tough questions, as necessary, and seek input and support from internal auditors, external auditors, and others. Sub-committees of the board often can assist the board by addressing some of these oversight activities.
- *Senior Management*—Senior management should assess the entity's system of internal control in relation to the *Framework*, focusing on how the organization applies the seventeen principles in support of the components of internal control. Where management has applied the 1992 edition of the framework, it should first review the updates made to this version (as noted in Appendix F of the *Framework*), and consider implications of those updates to the entity's

system of internal control. Management may consider using the *Illustrative Tools* as part of this initial comparison and as an ongoing evaluation of the overall effectiveness of the entity's system of internal control.

- *Other Management and Personnel*—Managers and other personnel should review the changes made to this version and assess implications of those changes on the entity's system of internal control. In addition, they should consider how they are conducting their responsibilities in light of the *Framework* and discuss with more senior personnel ideas for strengthening internal control. More specifically, they should consider how existing controls affect the relevant principles within the five components of internal control.
- *Internal Auditors*—Internal auditors should review their internal audit plans and how they applied the 1992 edition of the framework. Internal auditors also should review in detail the changes made to this version and consider possible implications of those changes on audit plans, evaluations, and any reporting on the entity's system of internal control.
- *Independent Auditors*—In some jurisdictions, an independent auditor is engaged to audit or examine the effectiveness of the client's internal control over financial reporting in addition to auditing the entity's financial statements. Auditors can assess the entity's system of internal control in relation to the *Framework*, focusing on how the organization has selected, developed, and deployed controls that affect the principles within the components of internal control. Auditors, similar to management, may use the *Illustrative Tools* as part of this evaluation of the overall effectiveness of the entity's system of internal control.
- *Other Professional Organizations*—Other professional organizations providing guidance on operations, reporting, and compliance may consider their standards and guidance in comparison to the *Framework*. To the extent diversity in concepts and terminology is eliminated, all parties benefit.
- *Educators*—With the presumption that the *Framework* attains broad acceptance, its concepts and terms should find their way into university curricula.



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

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 31st, 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 22nd, 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
T 775.689.9100
F 775.689.9299

www.eidebailly.com

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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

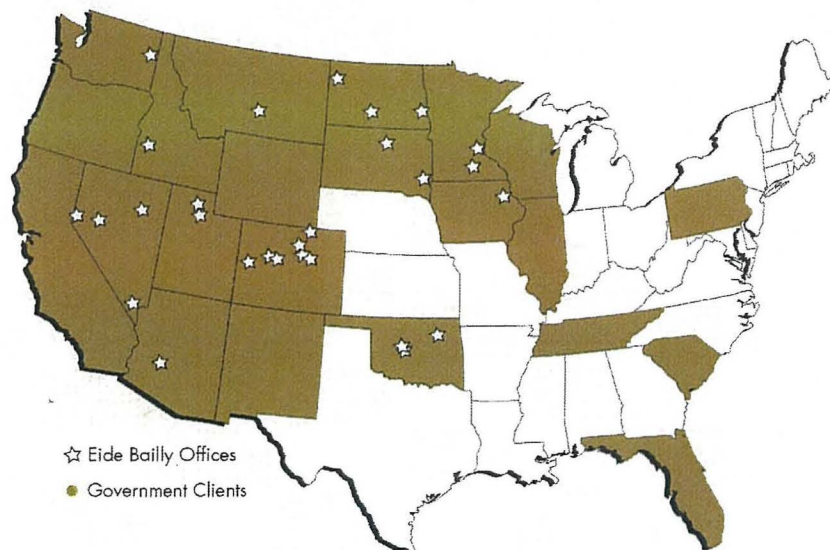
Founded in 1917, Eide Bailly is a Top 25 CPA firm in the nation, the Firm of choice for 54,000 clients, with 29 offices in 13 states, and is Nevada's first regional CPA firm with offices in Reno, Las Vegas, Fallon and Elko.

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.

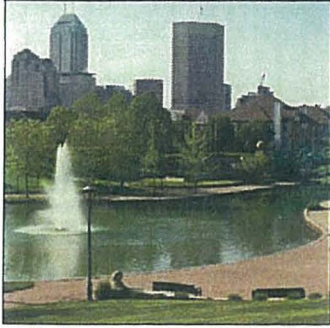
Single Audit Experience

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

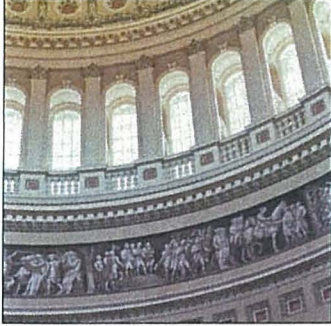
- Las Vegas*
- Sparks*
- Carlin
- Lovelock
- Elko
- Fernley
- Fallon*

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.

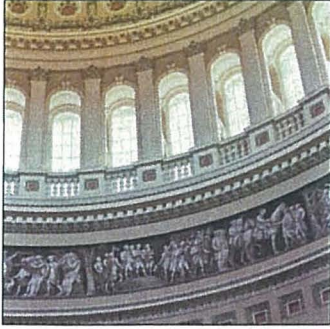
We will combine compliance tests of laws and regulations that involve the inspection of documentation supporting transactions with substantive tests of transactions and tests of control procedures.

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

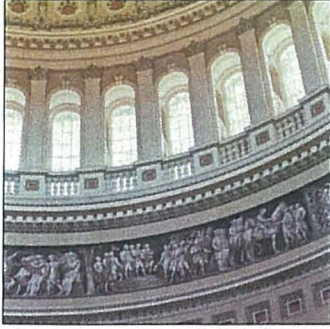
Eide Bailly will apply analytical procedures throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will be applied to assist in planning the nature, timing and extent of other procedures. They will be applied to all balance 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.

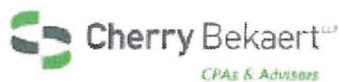
Confident

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.

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

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

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:

Fiscal Year Ending	*Annual Fee
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):

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

IV. COMMENTS

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:

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

IV. COMMENTS

District Staff expects an engagement letter will be received sometime in April each year. Staff has 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):

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

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

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:

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

IV. COMMENTS

District Staff expects an engagement letter will be received sometime in April 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.

MINUTES

AUDIT COMMITTEE MEETING OF DECEMBER 11, 2019 Incline Village General Improvement District

The special meeting of the Audit Committee of the Board of Trustees of the Incline Village General Improvement District was called to order by Trustee Kendra Wong on Wednesday, December 11, 2019 at 4:30 p.m. at the Chateau located at 990 Fairway Boulevard, Incline Village, Nevada.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Kendra Wong and Peter Morris. Trustee Phil Horan has resigned from the Board of Trustees so was recorded as not present.

Also present was District Staff Member Director of Finance Gerry Eick.

Members of the public present were Aaron Katz, Judith Miller, Mike Hess, and others.

(12 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

B. PUBLIC COMMENTS*

Aaron Katz said that he would like the District Clerk to please transcribe his comments into the record instead of attaching his written statement. He does not appreciate the way the Open Meeting Law (OML) item is described on the agenda. Whenever there is a letter that comes back and says no violation, the District can do it as a discretion as there is no requirement. This is being submitted as required by NRS 241, it is not required, and in big bold fonts, it typically shows no OML violations which is really look at how great we are. When the District does get an actual violation, they say this isn't a violation and the only reason it is on the agenda is because it was required. This is a violation and that should be in big bold letters. This is an example of propaganda of the materials that Staff puts together. Over the last two years, there have been seventeen (17) OML violations against IVGID and he doesn't know of any no other entity within Nevada that has had this many. Mr. Katz then read a quote from Mr. Guinasso and stated it was a complete lie and asked that the District be honest with the community.

Margaret Martini read from a submitted written statement which is attached hereto.

C. APPROVAL OF AGENDA (for possible action)

Trustee Kendra Wong asked for changes to the agenda; none were requested therefore the agenda is approved as submitted.

D. GENERAL BUSINESS ITEM (for possible action)

- 1. Review, discuss and possibly approve the Presentation and Acceptance of June 30, 2019 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor (Requesting Trustee: Chairman of the Audit Committee Phil Horan)**

Director of Finance Gerry Eick gave an overview of the submitted report and introduced the Audit Manager Tiffany Williamson, Eide Bailly, and turned over the presentation to Ms. Williamson who went over their materials within the report.

Trustee Morris asked if Ms. Williamson was aware of the concerns made by members of the public and how they are or are not recorded and could she comment on the receipt of those communications and how that did or did not change anything in the audit. Ms. Williamson said that her team reviewed all of them, discussed all of them with the Audit Chair, received materials from Staff, and it was their conclusion that there were no concerns with these concerns expressed by the public. Trustee Morris followed up by asking if there were any concerns expressed to management; Ms. Williamson responded no, none.

Director of Finance Eick went over the items of the note included in the packet.

Trustee Morris said that this is clearly a one time event so Staff is doing this one time and that this is a one time change from what we used to do and what we will be doing this point forward. Director of Finance Eick said yes, we will be reporting it this way from this point forward.

Trustee Morris said referencing agenda packet page 5, Workers Compensation, that this was the final step that the Board agreed to and there weren't any new changes. Director of Finance Eick said

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

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

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

Director of Finance Eick went over the submitted materials.

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

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

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

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

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

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

made and we said that the notice needed would have been redundant; the Office of the Attorney General disagreed and asked us to take this action.

E. APPROVAL OF THE MEETING MINUTES (for possible action)

1. Audit Committee Meeting of May 6, 2019

Trustee Wong asked for any changes, none were made. The minutes were approved as submitted.

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see **Public Comment Advisory Statement** above.

There were no members of the public present at this time thus no public comments were made at this time.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 5:09 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.*

Submitted by Aaron Katz (13 pages): Written statement to be included in the written minutes of this December 11, 2019 IVGID Audit Committee ("The Committee") meeting – Agenda Item D(3) – Open Meeting Law ("OML") violation [Office of Attorney General ("OAG") File No. 13897-316] – the Committee's failure to include findings of fact and conclusions of law supporting prior OML violation (OAG File No. 13897-260) in the packet of materials for its December 12, 2018 meeting.

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS DECEMBER 11, 2019 IVGID AUDIT COMMITTEE (“THE COMMITTEE”) MEETING – AGENDA ITEM D(3) – OPEN MEETING LAW (“OML”) VIOLATION [OFFICE OF ATTORNEY GENERAL (“OAG”) FILE NO. 13897-316] – THE COMMITTEE’S FAILURE TO INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW SUPPORTING PRIOR OML VIOLATION (OAG FILE NO. 13897-260) IN THE PACKET OF MATERIALS FOR ITS DECEMBER 12, 2018 MEETING

Introduction: On February 21, 2018 the OAG filed its Findings of Fact and Conclusions of Law in OAG No. 13897-260¹, finding that the Committee had committed two² OML violations³. Those Findings of Fact and Conclusions of Law directed “the...Committee (to)...place...th(o)se Findings of Fact and Conclusions of Law...on (its) next meeting agenda...and (to) include them in the supporting material for the meeting.” Although the Committee’s first meeting after February 21, 2018 took place on December 12, 2018⁴, it failed to reference the Findings of Fact and Conclusions of Law in OAG File No. 13897-260 and to include them in the Committee packet of materials for that meeting⁵.

As a result, I filed an OML complaint with the OAG against the Committee⁶. My complaint was directed at the Committee’s failure to comply with the OAG’s Findings of Fact and Conclusions of Law which directed “the...Committee (to)...place...th(o)se Findings of Fact and Conclusions of Law...on (its) next meeting agenda...and (to) include them in the supporting material for the meeting.”

On October 2, 2019 the OAG issued Findings of Fact and Conclusions of Law in its File No. 13897-316⁷ determining that the Committee had committed another OML violation. As a result it was directed to place “both...Findings of Fact and Conclusions of Law...for OAG File No. 13897-260 (and) 13897-316)...on its next meeting agenda and (to) include them in the supporting material.”⁸

Only because of the latest OML violation has this item been agendized for the current meeting. And that’s the purpose of this written statement.

¹ See pages 145-169 of the packet of materials prepared by staff in anticipation of the Committee’s December 11, 2019 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT-Audit_Committe_12-11-19.pdf (“the 12/11/2019 Committee packet”)].

² See page 163:16-25 of the 12/11/2019 Committee packet.

³ See page 129:18-20 of the 12/11/2019 Committee packet.

⁴ See page 118:12-13 of the 12/11/2019 Committee packet.

⁵ See page 119:7-10 of the 12/11/2019 Committee packet.

⁶ See pages 123-135 of the 12/11/2019 Committee packet.

⁷ See pages 117-120 of the 12/11/2019 Committee packet.

⁸ See page 119:12-18 of the 12/11/2019 Committee packet.

Look at How Staff Have Manipulated the Description of This Agenda Item Compared to the Way They Similarly Manipulate the Description of Agenda Items Where the OAG Has Found No OML Violation: According to NRS 241.0395(1), *only* when the OAG “makes findings of fact and conclusions of law that a public body has taken action in violation of any provision of this chapter, (must) the public body...include an item on the next agenda posted for a meeting of the public body which acknowledges the findings of fact and conclusions of law.” Yet whenever the OAG finds the IVGID Board committed no OML violation, who is the first to agendize the matter proclaiming in bold italicized type “***No Open Meeting Law Violation?***”⁹ And why given nowhere in NRS 241 is a public body instructed to include such matters on future agendas? Now let’s compare that agenda description to the one for this OML violation?¹⁰

Where there has been no OML violation finding by the OAG, staff inform the public that a member of the public, *by name*, filed an “Open Meeting Law Complaint,” and there was a “***Finding by OAG of no violation.***” And then it states the only reason “th(e) item is included on th(e) agenda” is because of NRS 241.0395, and then NRS 241.0395 is quoted verbatim. Yet when there has been an actual OML violation, as there has here, where is the public told that this opinion is a result of a member of the public’s complaint? Where is the public told there has been an actual OML violation? Where is the public told in bold, italicized font that the finding by the OAG was “***violation?***” Instead, the public is told the opinion is only included in the agenda “as a requirement of NRS 241.0395.” And what exactly does NRS 241.0395? The public doesn’t know because verbatim quotation is omitted.

Does anyone think these discrepancies were innocent, inadvertent and unintentional¹¹? And how do staff and the Board treat actual violations? Let me quote page 115 of the 12/11/2019 Committee packet:

“No action is required.”

If One Wants an Example of Staff’s Disdain For the Public and the Open Meeting Law Process, Listen to Attorney Guinasso in His Reply to the Complaint Giving Rise to These Findings of Fact and Conclusions of Law:

⁹ If the Board wants an example of this practice, take a look at item J(1)(a) of the agenda for the Board’s February 6, 2019 meeting. That agenda appears at https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Agenda_Regular2-6-19.pdf and a copy is attached to this written statement as Exhibit “A.”

¹⁰ The agenda for this meeting, which appears at https://www.yourtahoeplace.com/uploads/pdf-ivgid/AC_-_Agenda_-_Audit_Committee_12-11-19.pdf, is attached to this written statement as Exhibit “B.”

¹¹ If so, give me a call. I’ve got a couple of publicly owned bridges for sale.

“IVGID has a record of abiding by the provisions of NRS Chapter 241 and has worked diligently over the years to make sure that District business is conducted with openness and transparency.”¹²

Really? According to the OAG, IVGID has had close to twenty OML violations in just the last two years. And here we see evidence of three in less than a year¹³. And its attorney’s justification? It “would have been redundant.”¹⁴

Conclusion: We’ve had this discussion before. It’s called *propaganda*! Staff want to use every opportunity possible to marginalize critics by emphasizing where their complaints (here to governmental regulators) have been unsuccessful. Whenever there’s anything complimentary of staff or the Board, staff “cheerleaders” are quick to publicize it (and in bold, italicized fonts no less). Yet whenever there’s anything detrimental to staff or the Board (or here the Audit Committee) that warrants or mandates publication to the public, the agenda is worded in a misleading or deceitful manner, we hear explanations and excuses rather than placing blame where it should be placed, and critics are attacked as nothing more than a small group of dissidents¹⁵ in order to marginalize their message.

Ladies and Gentlemen, the deeper one digs the dirtier it gets. NEVER does one reach a core of truth nor goodness insofar as IVGID senior management is concerned. The entire system we know as IVGID is built upon lie after lie after lie perpetrated by un-elected staff who are more committed to themselves, their public employee colleagues, and a select number of special interest groups, rather than the Board, the public and local property/residential dwelling unit owners (who involuntarily subsidize all of this) they were hired to serve. This is the IVGID “way.” The IVGID “culture.” The truth as to where your Rec Fee is really spent¹⁶. And another example of the reason why that fee will NEVER, NEVER be eliminated or reduced.

¹² See page 139 of the 12/11/2019 Committee packet.

¹³ Besides the two referenced in this agenda item, consider the OAG’s Findings of Fact and Conclusions of Law issued in File No. 13897-257 (http://ag.nv.gov/uploadedFiles/agnv.gov/Content/About/Governmental_Affairs/AGO_File_13897-257.pdf).

¹⁴ See page 138 of the 12/11/2019 Committee packet.

¹⁵ As should be demonstrable from the election, this “small group of dissidents” has now grown to nearly 2,300 residents!

¹⁶ Where do you think the money came from to pay attorney Guinasso’s attorney’s fees to defend the Board and Committee in the two subject OML matters? Given I have demonstrated on so many occasions before that IVGID budgets to overspend nearly \$7 million annually than the operational revenues it assigns to our recreation and beach venues, and this overspending is subsidized by the Recreation (“RFF”) and Beach (“BFF”) Facility Fees, Mr. Guinasso’s fees have been paid by the RFF.

Naysayers will argue that members of the public who make OML complaints, such as the one the subject of this written statement, are the problem. They will assert that critics like me are interfering with our public employees' jobs. But did they ever stop to think that if staff's actions were truly open, transparent and lawful, there would be little need for anyone to file an OML complaint? And if there were little need to file an OML complaint, there would be little need to pay attorney Guinasso to defend them. And have naysayers stopped to think that if the Board did its job¹⁷ of supervising staff¹⁸ and ensuring that the NRS is adhered to¹⁹, there would be no need for members of the public to do the Board's job? Thus the retort from naysayers lacks credibility.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

¹⁷ Given: NRS 318.185 instructs that "the board shall have the power to prescribe the duties of (its) officers, agents, employees and servants;" NRS 318.175(1) instructs that "the board shall have the power to manage, control and supervise all the business and affairs of the district;" NRS 318.210 instructs that "the board shall have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted in this chapter;" and, NRS 318.015(1) instructs that "for the accomplishment of these purposes the provisions of this chapter (NRS 318) shall be broadly construed;" the Board is required to supervise its staff.

¹⁸ Remember, staff and their "fixer" attorney Guinasso have indoctrinated Board members into believing they have no powers other than making policy.

¹⁹ Given NRS 318.515(1)(b) instructs that corrective action may be initiated where "the board of trustees of the district is not complying with the provisions of this chapter (n) or with any other law," the Board is required to ensure that the NRS is adhered to.

EXHIBIT "A"



NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at 6:00 p.m. on **Wednesday, February 6, 2019** in the Chateau, 955 Fairway Boulevard, Incline Village, Nevada.

- A. PLEDGE OF ALLEGIANCE*
- B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*
- C. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

Public Comment Advisory Statement – *A public body has a legitimate interest in conducting orderly meetings. IVGID may adopt and enforce reasonable restrictions on public comment to ensure the orderly conduct of a public meeting and orderly behavior on the part of persons attending the meeting. Public comment, as required by the Nevada Open Meeting Law, is an opportunity for people to publicly speak to the assembled Board of Trustees. Generally, it can be on any topic, whether or not it is included on the meeting agenda. In other cases, it may be limited to the topic at hand before the Board of Trustees. Public comment cannot be limited by point of view. That is, the public has the right to make negative comments as well as positive ones. However, public comment can be limited in duration and place of presentation. While content generally cannot be a limitation, all parties are asked to be polite and respectful in their comments and refrain from personal attacks. Willful disruption of the meeting is not allowed. Equally important is the understanding that this is the time for the public to express their respective views, and is not necessarily a question and answer period. This generally is not a time where the Board of Trustees responds or directs Staff to respond. If the Chair feels there is a question that needs to be responded to, the Chair may direct the General Manager to coordinate any such response at a subsequent time. Finally, please remember that just because something is stated in public comment that does not make the statement accurate, valid, or even appropriate. The law mitigates toward allowing comments, thus even nonsensical and outrageous statements can be made. However, the Chair may cut off public comment deemed in their judgment to be slanderous, offensive, inflammatory and/or willfully disruptive. Counsel has advised the Staff and the Board of Trustees not to respond to even the most ridiculous statements. Their non-response should not be seen as acquiescence or agreement just professional behavior on their part. IVGID appreciates the public taking the time to make public comment and will do its best to keep the lines of communication open.*

- D. APPROVAL OF AGENDA (for possible action)

The Board of Trustees 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 Board of Trustees may make a motion to accept and follow the agenda as submitted/posted.

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.

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NOTICE OF MEETING

Agenda for the Board Meeting of February 6, 2019 - Page 2

E. REPORTS TO THE BOARD OF TRUSTEES*

1. Verbal presentation by representative(s) from Tahoe Prosperity Center
2. Verbal presentation by representative(s) from North Lake Tahoe Fire Protection District

F. CONSENT CALENDAR (*for possible action*)

Excerpt from Policy 3.1.0, Conduct Meetings of the Board of Trustees

0.15 Consent Calendar. In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar." A memorandum will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section. Any member of the Board may request the removal of a particular item from the consent calendar and that the matter shall be removed and addressed in the general business section of the meeting.

1. Review, discuss, and possibly set the dates for the public hearings on the following matters:
 - a. Review, discuss, and possibly set Date and Time for Public Hearing for the 2019/2020 Budget and Recreation Roll for Wednesday, May 22, 2019, 6:00 p.m.
 - b. Review, discuss and possibly set the date/time for April 10, 2019 at 6:00 p.m. for the public hearing on the proposed amendments to Sewer Ordinance #2 "An Ordinance Establishing Rates, Rules and Regulations for Sewer Service by the Incline Village General Improvement District" and Water Ordinance #4 "An Ordinance Establishing Rates, Rules and Regulations for Water Service by the Incline Village General Improvement District" that Includes the Utility Rate Increase
2. Review, discuss, and possibly approve a Grant of Easement to NV Energy on District Property APN: 128-352-01 (687 Wilson Way) for the Purposes of Constructing, Operating, Adding to, Modifying, Removing, Accessing and Maintaining Above and Below Ground Communication Facilities and Electric Line Systems (Requesting Staff Member: Director of Public Works Joe Pomroy)

NOTICE OF MEETING

Agenda for the Board Meeting of February 6, 2019 - Page 3

G. GENERAL BUSINESS (*for possible action*)

1. Review, discuss, and possibly provide input and guidance on legislative matters for the 2019 State of Nevada Legislative Session following a verbal presentation on legislative matter provided by Tri-Strategies representative(s)
2. Review, discuss, comment and possibly adopt a Popular Report format under 2018 Board Work Plan (Requesting Staff Member: Director of Finance Gerry Eick)
3. Review, discuss, and possibly approve a three year agreement with Hutchison & Steffen for District General Counsel services at a cost of \$12,000 per month or \$144,000 per year (Requesting Trustee: Vice Chairman Phil Horan and Requesting Staff Member: General Manager Steve Pinkerton)
4. Review, discuss, and possibly request a Petition for Judicial Review of Office of Attorney General File No. 13897-257 Findings of Fact and Conclusions of Law – Open Meeting Law Complaint filed by Mr. Frank Wright (Requesting Staff Member: General Manager Steve Pinkerton and District General Counsel Jason Guinasso)

This item is included on this agenda in accordance with NRS 241.0395 which reads as follows:

NRS 241.0395 Inclusion of item acknowledging finding by Attorney General of violation by public body on next agenda of meeting of public body; effect of inclusion.

1. *If the Attorney General makes findings of fact and conclusions of law that a public body has taken action in violation of any provision of this chapter, the public body must include an item on the next agenda posted for a meeting of the public body which acknowledges the findings of fact and conclusions of law. The opinion of the Attorney General must be treated as supporting material for the item on the agenda for the purposes of NRS 241.020.*
2. *The inclusion of an item on the agenda for a meeting of a public body pursuant to subsection 1 is not an admission of wrongdoing for the purposes of a civil action, criminal prosecution or injunctive relief.*

(Added to NRS by 2011, 2384)

5. Review, discuss and possibly take action on Board's Work Plan: Set a date to reassess priorities (Requesting Trustee: Chairwoman Kendra Wong)



NOTICE OF MEETING

Agenda for the Board Meeting of February 6, 2019 - Page 4

6. Review, discuss and possibly take action on Title 1 (28 pages) of the IVGID Code (Requesting Trustee: Chairwoman Kendra Wong)
 7. Election of Board Officers for 2019 – effective at the end of this meeting
 - H. DISTRICT STAFF UPDATE (*for possible action*)
 1. General Manager Steve Pinkerton – Verbal Report
 - a. Mountain Golf Course Clubhouse
 - b. Pending FEMA Reimbursements
 - I. APPROVAL OF MINUTES (*for possible action*)
 1. Regular Meeting of January 23, 2019
 - J. REPORTS TO THE IVGID BOARD OF TRUSTEES*
 1. District General Counsel Jason Guinasso
 - a. Possibly review and discuss Office of Attorney General (OAG) File No. 13897-305 Findings of Fact and Conclusions of Law – Open Meeting Law Complaint filed by Mr. Aaron Katz – ***Finding by OAG of no violation***

This item is included on this agenda in accordance with NRS 241.0395 which reads as follows:

NRS 241.0395 Inclusion of item acknowledging finding by Attorney General of violation by public body on next agenda of meeting of public body; effect of inclusion.
 1. *If the Attorney General makes findings of fact and conclusions of law that a public body has taken action in violation of any provision of this chapter, the public body must include an item on the next agenda posted for a meeting of the public body which acknowledges the findings of fact and conclusions of law. The opinion of the Attorney General must be treated as supporting material for the item on the agenda for the purposes of NRS 241.020.*
 2. *The inclusion of an item on the agenda for a meeting of a public body pursuant to subsection 1 is not an admission of wrongdoing for the purposes of a civil action, criminal prosecution or injunctive relief.*
(Added to NRS by 2011, 2384)
- K. BOARD OF TRUSTEES UPDATE (***NO DISCUSSION OR ACTION***) ON ANY MATTER REGARDING THE DISTRICT AND/OR COMMUNITIES OF CRYSTAL BAY AND INCLINE VILLAGE, NEVADA*





NOTICE OF MEETING

Agenda for the Board Meeting of February 6, 2019 - Page 5

- L. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see **Public Comment Advisory Statement** above.
- M. REVIEW WITH BOARD OF TRUSTEES, BY THE DISTRICT GENERAL MANAGER, THE LONG RANGE CALENDAR *(for possible action)*
- N. ADJOURNMENT *(for possible action)*

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, February 1, 2019 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of February 6, 2019) 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 seven locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

1. IVGID Anne Vorderbruggen Building (Administrative Offices)
2. Incline Village Post Office
3. Crystal Bay Post Office
4. Raley's Shopping Center
5. Incline Village Branch of Washoe County Library
6. IVGID's Recreation Center
7. The Chateau at Incline Village

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

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

Board of Trustees: Kendra Wong, Chainwoman, Tim Callicrate, Peter Morris, Phil Horan, and Matthew Dent.

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.

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*NRS 241.020(2) and (10): 2.Except in an emergency, written notice of all meetings must be given at least 3 working days before the meeting ...10. As used in this section, "emergency" means an unforeseen circumstance which requires immediate action and includes, but is not limited to: (a) Disasters caused by fire, flood, earthquake or other natural causes; or (b) Any impairment of the health and safety of the public.

EXHIBIT "B"

NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held starting at 4:30 p.m. on Wednesday, December 11, 2019 in the Chateau, 955 Fairway Boulevard, Incline Village, Nevada.

- A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*
- B. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

Public Comment Advisory Statement – *A public body has a legitimate interest in conducting orderly meetings. IVGID may adopt and enforce reasonable restrictions on public comment to ensure the orderly conduct of a public meeting and orderly behavior on the part of persons attending the meeting. Public comment, as required by the Nevada Open Meeting Law, is an opportunity for people to publicly speak to the assembled Board of Trustees. Generally, it can be on any topic, whether or not it is included on the meeting agenda. In other cases, it may be limited to the topic at hand before the Board of Trustees. Public comment cannot be limited by point of view. That is, the public has the right to make negative comments as well as positive ones. However, public comment can be limited in duration and place of presentation. While content generally cannot be a limitation, all parties are asked to be polite and respectful in their comments and refrain from personal attacks. Willful disruption of the meeting is not allowed. Equally important is the understanding that this is the time for the public to express their respective views, and is not necessarily a question and answer period. This generally is not a time where the Board of Trustees responds or directs Staff to respond. If the Chair feels there is a question that needs to be responded to, the Chair may direct the General Manager to coordinate any such response at a subsequent time. Finally, please remember that just because something is stated in public comment that does not make the statement accurate, valid, or even appropriate. The law mitigates toward allowing comments, thus even nonsensical and outrageous statements can be made. However, the Chair may cut off public comment deemed in their judgment to be slanderous, offensive, inflammatory and/or willfully disruptive. Counsel has advised the Staff and the Board of Trustees not to respond to even the most ridiculous statements. Their non-response should not be seen as acquiescence or agreement just professional behavior on their part. IVGID appreciates the public taking the time to make public comment and will do its best to keep the lines of communication open.*

- C. APPROVAL OF AGENDA (*for possible action*)
- D. GENERAL BUSINESS ITEM (*for possible action*)
 - 1. Review, discuss and possibly approve the Presentation and Acceptance of June 30, 2019 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor (Requesting Trustee: Chairman of the Audit Committee Phil Horan)

Incline Village General Improvement District

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NOTICE OF MEETING

Agenda for the Audit Committee Meeting of December 11, 2019 - Page 2

2. Review, discuss, and possibly approve the designation of Audit Firm for Audit Services for Fiscal Year Ending June 30, 2020 – Eide Bailly, LLP at a cost of \$58,500 (the last year of a five year contractual obligation) (Requesting Trustee: Chairman of the Audit Committee Phil Horan)
3. Open Meeting Law (OML) Opinion 13897-316 – Inclusion on the Audit Committee Agenda as requested by the Office of the Attorney General (OAG), State of Nevada – Finds of Fact and Conclusions of Law to be the result of the OAG investigation in the matter of the Attorney General File No. 13897-316 and as a requirement of NRS 241.0395

E. APPROVAL OF THE MEETING MINUTES (*for possible action*)

1. Audit Committee Meeting of May 6, 2019

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see **Public Comment Advisory Statement** above.

G. ADJOURNMENT (*for possible action*)

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, December 6, 2019 at 9:00 a.m., a copy of this agenda (Audit Committee Session of December 11, 2019) 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:

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6. IVGID's Recreation 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: Phil Horan, Chairman, Peter Morris, Kendra Wong

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