

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent
Audit Committee Chair

FROM: Paul Navazio
Director of Finance

SUBJECT: Presentation and Discussion Item Only – IVGID System of Internal Controls

DATE: July 22, 2020

I. RECOMMENDATION

Receive a presentation on IVGID's System of Internal Controls Framework.

II. BACKGROUND

The Board of Trustees and Audit Committee have identified the need to review and, where appropriate, strengthen internal control policies, policies, procedures and practices consistent with financial management and accountability best practices. Further, the Board of Trustees recently authorized the Audit Committee to engage outside contract services to assist in the review of internal controls and, separately, the Board, through its Audit Committee, is working to update Policy 15.1.0 that establishes the role and responsibility of the Audit Committee to support its broad oversight charge, including in the area of internal controls.

The Audit Committee received a report from the Director of Finance at their meeting of May 6, 2020 outlining the elements of a comprehensive framework for developing and implementing a systems of internal controls. The purpose of that report and framework presentation was to highlight for the Board of Trustees, staff and the public how the various components of a system of internal controls work together and, taken collectively, achieve the goal of robust and sound internal controls in support of the Board's role as fiduciary of public funds and assets.

This agenda item is a follow-up to the May 6, 2020 report and provides an overview of the existing policies, practices and procedures that serve as a foundation for the District's system of internal controls.

This report is intended to inform "next step" in the District's assessment of its existing internal controls and highlights selected areas where polices, practices and procedures warrant updating to current best practices as well as identify areas where there may be gaps in policy or procedures that represent weaknesses in the District's overall system of internal controls.

Specifically, the presentation will review the current scope and relationship of the following internal control documents:

- a. District Ordinances
- b. Board Resolutions
- c. Board Policies
- d. Board Practices
- e. Financial and Accounting Policies and Procedures
- f. Purchasing Policy
- g. Personnel Policies

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.

VI. ATTACHMENTS

- 1) Framework of System of Internal Controls (from Audit Committee packet of May 6, 2020).
- 2) Matrix of District's Existing System of Internal Controls
- 3) Review/Update of Finance and Accounting Procedures
- 4) Documents:
 - a. Summary of Board Ordinances
<https://www.yourtahoeplace.com/ivgid/resources/ivgid-ordinances>
 - b. Summary of Board Policies / Practices
<https://www.yourtahoeplace.com/ivgid/resources/board-policies-practices>
 - c. Summary of selected Board Resolutions
https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Policy_and_Procedure_Resolutions.pdf
 - d. Finance and Accounting Procedures – Table of Contents
 - e. Purchasing Policy – Table of Contents
 - f. Personnel Policy – Table of Contents

Attachment 1

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent
Audit Committee Chair

FROM: Paul Navazio
Director of Finance

SUBJECT: Review, discuss and provide feedback on Draft Framework for Implementing System of Internal Controls

STRATEGIC

PLAN REFERENCE(S): Long Range Principle #2

DATE: April 26, 2020

I. RECOMMENDATION

Review, discuss and provide feedback on a Draft Framework for Implementing System of Internal Controls.

II. BACKGROUND

The Board of Trustees and Audit Committee have identified the need to review and, where appropriate, strengthen internal control policies, procedures and practices consistent with financial management and accountability best practices. Further, the Board of Trustees recently authorized the Audit Committee to engage outside contract services to assist in the review of internal controls and, separately, the Board, through its Audit Committee, is working to update Policy 15.1.0 that establishes the role and responsibility of the Audit Committee to support its broad oversight charge, including in the area of internal controls.

By considering a comprehensive framework for developing and implementing a systems of internal controls, the Board, Staff and the public will be better informed as to how the various components of a system of internal controls work together and, taken collectively, achieve the goal of robust and sound internal controls in support of the Board's role as fiduciary of public funds and assets.

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.

V. BUSINESS IMPACT

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

VI. ATTACHMENTS

- 1) Framework for Internal Controls –Tasks
- 2) Framework for Internal Controls – Implementation Plan

DRAFT

FRAMEWORK FOR REVIEW AND IMPLEMENTATION OF INTERNAL CONTROLS

PHASE TASKS

Part 1 - Comprehensive Assessment of IVGID Internal Controls / PROJECT

- Review all relevant Board Policies and Procedures
 - Review all Administrative Policies and Procedures
 - Evaluate "gaps" in internal controls
 - Absence
 - Oversight/compliance
 - Separation of duties
 - Develop formal recommendations for Updating Internal Controls
 - Update existing policies
 - Establish new policies
 - Formalize Accountability
 - Staff Training
-

Part 2 - Regular and Continual Review of Internal Controls

- Establish regular "cycle" of review / update / continuous improvements
 - Example: All administrative policies and procedures will be reviewed on a 3-year cycle (1/3 per year).
-

Part 3 - Internal Audit(s)

- a) Concurrent with tasks identified in Part 1, develop comprehensive list of "areas" for internal controls
 - Primary focus on areas with greatest "risk" to District related to liability, fraud, missappropriation of public funds and/or assets
 - On an annual basis, TWO (?) areas will be candidates for a formal Internal Audit
 - Assess adequacy of internal controls
 - Evaluate compliance with existing policies
 - Report on "Findings and Recommendations"
 - b) Implement / Formalize periodic "impromptu" internal audits of operations and administrative practices and procedures
 - Random, unscheduled, unannounced
-

Part 4 - External Independent Auditor

- SAS Requirements - Elected Officials and Executive Management
 - Identify areas of concern re risk/liability/fraud
 - Memorandum of Internal Controls
 - Review of Internal Controls related to Financial Management based on review of policies, procedures and roles
 - Random sampling of transaction records (payroll, accounts payable, revenue, expenditures, fixed assets, debt).
-

FRAMEWORK FOR REVIEW AND IMPLEMENTATION OF INTERNAL CONTROLS

PHASE	TASKS	RESPONSIBILITY					Schedule				
		Board	Audit Committee	Staff	Consultant	External Auditor	Q4 AMJ	Q1 JAS	Q2 OND	Q3 JFM	Q4 AMJ
Part 1 - Comprehensive Assessment of IVGID Internal Controls / PROJECT											
	<input type="checkbox"/> Review all relevant Board Policies and Procedures <input type="checkbox"/> Review all Administrative Policies and Procedures <input type="checkbox"/> Evaluate "gaps" in internal controls Absence Oversight/compliance Separation of duties <input type="checkbox"/> Develop formal recommendations for Updating Internal Controls Update existing policies Establish new policies Formalize Accountability Staff Training	Lead	X X	X Lead X	X Lead						
			X	X	Lead						
Part 2 - Regular and Continual Review of Internal Controls											
	<input type="checkbox"/> Establish regular "cycle" of review / update / continuous improvements Example: All administrative policies and procedures will be reviewed on a 3-year cycle (1/3 per year).		X	Lead					Annually		
Part 3 - Internal Audit(s)											
a)	<input type="checkbox"/> Concurrent with tasks identified in Part 1, develop comprehensive list of "areas" for internal controls Primary focus on areas with greatest "risk" to District related to liability, fraud, missappropriation of public funds and/or assets <input type="checkbox"/> On an annual basis, TWO (?) areas will be candidates for a formal Internal Audit Assess adequacy of internal controls Evaluate compliance with existing policies Report on "Findings and Recommendations"			Lead	X						
			X	Lead			Annually	Rpt	Annually	Rpt	
b)	<input type="checkbox"/> Implement / Formalize periodic "impromptu" internal audits of operations and administrative practices and procedures Random, unscheduled, unannounced			Lead				Ongoing			
Part 4 - External Independent Auditor											
	<input type="checkbox"/> SAS Requirements - Elected Officials and Executive Management Identify areas of concern re risk/liability/fraud <input type="checkbox"/> Memorandum of Internal Controls Review of Internal Controls related to Financial Management based on review of policies, procedurs and roles Random sampling of transaction records (payroll, accounts payable, revenue, exponditures, fixed assets, debt).	X	X	X		Lead			Annually		
		X	X	X		Lead			Annually		

Attachment 2

Y MATRIX
Policies / Practices / Policy Resolutions

Board Policies		Accounting and Financial Procedures		Personnel Policies		Board Policy Resolutions			
		Old Section	New Section	Section		Number	Resolution Description		
1.1.0	Strategic Planning	I	6.3.1	Internal Controls	1	General Provisions	098	495	Indemnifying Trustees and Officers of the District
2.1.0	Financial Standards	II	6.3.2	Controls in a Computer Environment	2	Employee Relations	103	1475	Granting of Easements Across District Property
3.1.0	Conduct of Meetings of the Board of Trustees	III	6.3.3	General Ledger and Journal Entries	3	Employment	105	1480	Personnel Management
4.1.0	Performance Measurement for Decision Making	IV	6.3.4	Cash	4	Compensation	110	1493	Community Relations Expenditures
5.1.0	Budgeting for Results and Outcomes	V	6.3.5	Revenue Cycle	5	Leave Plans	111	1494	Collection of Delinquent Special Assessments
6.1.0	Adoption of Financial Practices	VI	6.3.6	Production Cycle	6	Benefits	113	1517	Use of Trademark by Private Businesses and Persons
7.1.0	Appropriate Level of Fund Balance	VII	6.3.7	Pre-paid Expenses	7	Travel Expenses	115	1527	Use of IVGID Boardroom
	Practice 7.2.0 Appropriate Level of Fund Balance	VIII	6.3.8	Investments	8	Procurement Cards	116	1538	Penalty and Interest Charges on Delinquent Accounts
8.1.0	Establishing the Estimated Useful Lives of Capital Assets	IX	6.3.9	Property and Equipment	9	Performance Management (Evaluations)	120	1575	Group Use of Beaches
9.1.0	Establishing Appropriate Capitalization Thresholds	X	6.3.10	Purchasing and Accounts Payable	10	Employee Separation	121	1581	Settlement of Lawsuits and Related Claims
	Practice 2.9.0 Capitalization of Fixed Assets	XI	6.3.11	Notes Payable / Long-Term Debt	11	Rules for Conduct and Behavior	127	1619	Complimentary Recreation Privileges
10.1.0	Use of Local Government Investment Pools	XII	6.3.12	Accrued Liabilities	12	Disciplinary Actions and Appeals	129	1632	Relinquishment and Acquisition of Utility Easements / Encroachment Agreements
11.1.0	Investment Management	XIII	6.3.13	Human Resources and Payroll	13	Concern/Dispute Resolution	132	1701	Fundraising / Donnation Activites at District Facilities
	Practice 2.11.0 Investment Management	XIV	6.3.14	Budget Cycle	14	Health and Safety	134	N/A	Service of Alcoholic Beverages at IVGID Facilities
12.1.0	Multi-Year Capital Planning		6.3.15	Electronic Payment Systems	15	Definition of Terms	135	1760	Temporary Dog Park at Village Green
13.1.0	Capital Project Budgeting		6.3.18	Central Services Cost Allocation			136	N/R	Access to District Property and the Use of District Facilities for Expression
	Practice 13.2.0 Capital Expenditure			Procurement Cards Program			137	1801	Public Records
14.1.0	Debt Management						138	1849	Naming/Dedication of IVGID Facilities
	Practice 14.2.0 Debt Management						Other	1838	Establishing Special Revenue, Capital and Debt Fund Structure
15.1.0	Audit Committee								
16.1.0	Recreation Roll								
17.1.0	Personnel Policies								
18.1.0	Central Service Cost Allocation Plan								
	Practice 18.2.0 Central Services Cost Allocation Plan								
19.1.0	Appropriate Level of Working Capital								
	Practice 19.2.0 Appropriate Level of Working Capital								

Attachment 3

Accounting and Financial Procedures

Old Section	New Section		Review				Revisions				Staff Responsibility			Comments		
			Date	Current	Update	Obsolete	New	Draft	Review	Final	Date	Initial	Policy		Admin.	Compliance
I	6.3.1	Internal Controls Effective Internal Controls														
II	6.3.2	Controls in a Computer Environment Application Controls Program Maintenance Computer Operations Security														
III	6.3.3	General Ledger and Journal Entries Maintaining an Effective Accounting System General Ledger Activity Adequate General Ledger Maintenance														
IV	6.3.4	Cash Cash Management Cash Receipts Disbursements from Bank Accounts Imprest and Similar Funds Bank Reconciliations														
V	6.3.5	Revenue Cycle Revenue Recognition Accounts Receivable Customer Returns and Allowances Other Revenues														
VI	6.3.6	Production Cycle Sales and Product Forecasts Cost-Flow Methods Inventory Control Periodic Physical Inventory Inventory Obsolescence														
VII	6.3.7	Pre-paid Expenses Monitoring and Accounting for Prepaid Expenses Controlling Asset Balances														
VIII	6.3.8	Investments Investment of Idle Funds Safeguarding of Investments Return of Investment														
IX	6.3.9	Property and Equipment Additions to Property and Equipment Accurate Records of Property and Equipment Depreciation of Property and Equipment Existence of Capital Assets Disposal of Capital Assets														

Accounting and Financial Procedures

Old Section	New Section		Review				Revisions				Staff Responsibility			Comments		
			Date	Current	Update	Obsolete	New	Draft	Review	Final	Date	Initial	Policy		Admin.	Compliance
X	6.3.10	Purchasing and Accounts Payable														
		Determination of Needs														
		Placement of Orders														
		Cellular Telephone Use														
		Receipt and Acceptance														
		Establishment of Accounts Payable														
		Return of Goods to Suppliers														
		Purchase Cut-Off														
		Procurement Card Program														
		Advertising														
		Tipping														
		Bulk Purchases														
XI	6.3.11	Notes Payable / Long-Term Debt														
		Financial Resource Requirements														
		Assumption and Authorization of Debt														
		Safekeeping of Debt Agreements														
		Record of Debt														
		Timely Interest Expense Accruals														
		Debt Payments														
		Bond Discounts and Premiums														
		Current and Long-Term Debt Summary														
		Debt Covenants														
XII	6.3.12	Accrued Liabilities														
		Monitoring of Accrued Liabilities														
		Reconciliations and Accuracy														
XIII	6.3.13	Human Resources and Payroll														
		Payroll and Personnel/Human Resources														
		Wages and Salaries														
		Timekeeping														
		Payment to IVGID Employees														
		Payroll Deductions														
		Quarterly and Year-End Reports														
XIV	6.3.14	Budget Cycle														
	6.3.15	Electronic Payment Systems														
	6.3.18	Central Services Cost Allocation														
		Procurement Cards Program														

Attachment 4.a.

Ordinances set District rates, rules, and regulations as they apply to the operations of the District and service charges to the District's customers. Currently there are four active ordinances; they are as follows:

Ordinances 1 - An Ordinance Establishing Regulating Solid Waste Matter and the Collection, Removal and Disposal thereof:

This ordinance outlines the process of how solid waste rates are updated and determined each year, as well as, how service is provided by our Utility Fund. The District has entered into a Franchise Agreement with a third party to provide this service. The franchise agreement provides for an annual increase based on predetermined parameters.

Ordinance 2 – An Ordinance Establishing Rate Rules and Regulations for Sewer Service by the Incline Village General Improvement District:

This ordinance outlines the process of how sewer rates are determined each year, as well as, how service is provided within by our Utility Fund.

Ordinance 4 – Rules and Regulations for Water Service by the Incline Village General Improvement District:

This ordinance outlines the how water rates are determined each year and how service is provided within our Utility Fund.

Ordinance 7 – An Ordinance Establishing Rate Rules and Regulations for Recreation Passes and Recreation Punch Cards by the Incline Village General Improvement District:

This ordinance addresses fees and charges for the District's recreational business type activities; such as, our beaches, golf, ski, parks, and other recreational venues. This ordinance outlines fee structures and application of such fees on the users.

Attachment 4.b.

Policy and Practice Statements represent best business practices as they apply to the District. A policy statement is set by the Board of Trustees, as the highest authorization level. A Board Policy statement is broad and sweeping, and provides for sound financial and management practices. A Board Practice statement provides a framework for the procedures for the execution of the higher level Policy statement.

Current Board Policy and Practices include:

- Policy 1.1.0 Strategic Planning: This policy recognizes the importance of using some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending, broad organizational goals and sets key steps to execution. The policy outlines the need to initiate the strategic planning process, prepare a mission statement, assess environmental factors, identify critical issues, agree on a small number of broad goals, develop strategies to achieve Long Range Principles, develop objectives, create an Action Plan, incorporate performance measures, obtain approval of the plan, implement the plan, monitor progress, and finally to reassess the strategic plan.
- Policy 2.1.0 Financial Standards: This policy states that the Board of Trustees will maintain a set of Long Range Principles under the Strategic Planning Process. They will include at a minimum an element for each of the following areas: 1) Resources and Environment; 2) Finance; 3) Workforce; 4) Services; 5) Facilities; and 6) Communications.
- Policy 3.1.0 Conduct of Meetings of the Board of Trustees: This policy allows the Board of Trustees to fix the time and place of the regular meeting of the Board of Trustees and provide the manner in which special meetings may be called, for proceedings of the Incline Village General Improvement District, Washoe County and State of Nevada. It addresses regular meetings, special meetings, meeting places, holidays, item(s) of business, rules of proceedings, assures that Robert's Rules are followed, agenda preparation, reconsideration, public participation, officers of the Board, authorization to sign checks, facsimile signature, reports, consent calendar, legislative matters and conflict resolution.
- Policy 4.1.0 Performance Measurement for Decision Making: This policy states that program and service performance measures will be developed and used as an important component of long term financial planning and decision making. It is linked to the budgeting and performance measures as an integral part of the budget process. The expectation is that meaningful performance measures are produced and expanded as identified.

- Policy 5.1.0 Budgeting for Results and Outcomes: This policy establishes parameters to achieve the objective of integrating performance into the budgetary process. These processes will until conducting analysis, prioritize results, allocate resources, set measures, monitor outcomes and communicate performance results.
- Policy 6.1.0 Adoption of Financial Practices: This policy establishes that the District will maintain the following processes: 1) financial planning as it pertains to a balanced budget, long-range planning, and asset inventory; 2) revenue as it pertains to revenue diversification, fees and charges for services, use of one-time revenue and use of unpredictable revenues; 3) expenditures for debt capacity, issuance and management of debt service, reserve or stabilization accounts, and operating and capital expenditure accountability.
- Policy 7.1.0 Appropriate Level of Fund Balance: This policy addresses maintaining a formal practice on the level of fund balance that should be maintained in the General and Special Revenue Funds.
- Policy 8.1.0 Establishing the Estimated Useful Lives of Capital Assets: This policy addresses the estimated useful lives of the District's capital assets and the approach taken. Normally, the District's past experience with similar assets that guide the estimated useful lives. In situations where the documentation of the District's own past experience for a given type of capital asset, is not adequate for this purpose, the District will consider the experience of other governments, professionally determined specifications and private-sector enterprises. The following factors are also considered: quality, application of the asset, environmental conditions that impact the life, matching the asset to the department use, and maintenance of the asset.
- Policy 9.1.0 Establishing Appropriate Capitalization Thresholds: This policy addresses the guidelines in establishing capitalization thresholds and the estimated useful life. It addresses that the potentially capitalizable items should only be capitalized if they have an estimated useful life of greater than two years following the date of acquisition or placed into service; and that capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets. In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item. Capitalization thresholds, if the District is a recipient of Federal awards, then Federal requirements will prevail, when they prevent the use of the District capitalization thresholds.
- Policy 10.1.0 Use of Local Government Investment Pools: This policy outlines items for consideration when using Local Government Investment Pools (LGIPs); such as, the investment eligible under governing laws and that the

District fully understands the investment objectives, legal structure and operating procedures of the investment pool before placing any money in the pool.

- Policy 11.1.0 Investment Management: This policy addresses that the District properly managing the risk in its portfolios to achieve investment objectives and comply with investment constraints. This is accomplished by carefully and clearly defining what the objectives mean for safety, liquidity, and return to the District, preparing a cash flow projection to determine liquidity needs and the level and distribution of risk that is appropriate for the portfolio, considering political climate, stakeholders' view toward risk and risk tolerances, ensuring liquidity to meet ongoing obligations (investing a portion of the portfolio in readily available funds, such as Local Government Investment Pools, money market funds, or overnight repurchase agreements), establishing limits on positions in specific securities to protect against default risk, limiting investments in securities that have higher credit and/or market risks, defining parameters for maturity/duration ranges and establishing a targeted risk profile for the portfolio based on investment objectives and constraints, risk tolerances, liquidity requirements and the current risk/reward characteristics of the market.
- Policy 12.1.0 Multi-Year Capital Planning: The District will prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. It is the District's opinion that a prudent multi-year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. The capital plan should cover a period of at least five years, preferably ten or more. This is accomplished by identifying needs, determining costs, prioritizing capital requests, and developing financing strategies. Currently, the District has taken the multi-year capital planning to twenty years.
- Policy 13.1.0 Capital Project Budgeting: This policy insures that the District prepares and adopts a formal capital budget as part of their annual budget process. The capital budget is directly linked to, and flows from the Multi-Year Capital Improvement Plan. The capital budget is adopted by formal action of the Board of Trustees, either as a component of the operating budget or as a separate capital budget. It will comply with all state and local legal requirements by preparing and adopting a capital budget and reporting on the capital budget.
- Policy 14.1.0 Debt Management: This policy establishes a comprehensive written debt management practice that it is reviewed annually in conjunction with the budget process and revised as necessary. It establishes debt limits, debt structuring practices, issuance practices, and the management of debt.

- Policy 15.1.0 Audit Committee: The Board of Trustees maintains an audit committee. This policy was recently amended to re-structure the committee to include five members – two Trustees and three At-Large appointees. As a general rule, no one having managerial responsibilities that fall within the scope of the audit should serve as a member. The Policy establishes that the independent auditor reports directly to the audit committee, the scope of the audit committee’s authority and responsibilities, and the structure of the audit committee.

- Policy 16.1.1 Recreation Roll: This policy supports the establishment and eligibility to pay the Recreation Facility Fee and, where applicable, the Beach Facility Fee. It sets the prescribed Recreation Facility Fee and the Beach Facility Fee to all qualifying real properties within the boundaries of the District and in one of the following categories: 1) all dwelling units on developed residential parcels; 2) all commercial parcels; and 3) all undeveloped residential parcels which are not designated as unbuildable.

- Policy 17.1.0 Personnel Policies: The Personnel Policies have been adopted by the Board of Trustees to carry out Incline Village General Improvement District’s level one policy statement to adopt uniform personnel policies that will enable each employee to make his/her fullest contribution to the programs and services of the District..

- Policy 18.1.0 Central Service Cost Allocation Plan: Establishes the basis for allocating and billing costs of services provided by the District’s General Fund to the Enterprise and Special Revenue Funds. This Policy provides for the costs allowed, allocation method and billings rates.

- Policy 19.1.0 Appropriate Level of Working Capital: The District will maintain a formal practice on the level of working capital that should be maintained in the Utility (Enterprise) Funds. Working capital is defined as current assets minus current liabilities; the District will consider certain characteristics of working capital that affect its use as a measure. Specifically, the “current assets” portion of working capital includes assets or resources that are reasonably expected to be realized in cash (e.g., accounts receivable) or consumed (e.g., inventories and prepaid expenses) within a year.

The following Practice statements support the high level Policies set by the Board of Trustees.

- Practice 7.2.0 Appropriate Level of Fund Balance: (Relevant Policies 1.1.0 Strategic Planning, 7.1.0 Appropriate Level of Fund Balance, 12.1.0 Multi-Year Capital Planning, and 13.1.0 Capital Project Budgeting, 14.1.0 Debt Management): This practice sets the parameter to maintain Fund Balance in each governmental fund type in a manner which provides for contractual and bond and customer service obligations while meeting its routine and non-routine cash flow requirements and complying with all federal, state and local statutes and regulations. The General Fund must meet the minimum balance requirements under Nevada Administrative Code Section 354 (4% of operating expenses). The Special Revenue Funds utilize 25% of the current adopted budget operating expenditures (not including capital expenditure or debt service).
- Practice 9.2.0 Capitalization of Fixed Assets: (Relevant Policies: 8.1.0 Establishing the Estimated Useful Lives of Capital Assets and 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets). This practice sets the capitalization thresholds and useful lives for asset classes. It also outlines the physical control to be exercised over District assets.

<u>Asset Class</u>	<u>Minimum cost</u>
Equipment	\$ 5,000.00
Structures and Land Improvements	\$10,000.00

In addition to cost, all of the following criteria shall also be used;

- 1) The normal useful life of the item is three or more years,
- 2) The item has an acquisition cost (including freight and installation) of at least the amounts listed above in each asset class,
- 3) The item will not be substantially reduced in value by immediate use,
- 4) In case of repair or refurbishment, the outlay will substantially prolong the life on an existing fixed asset or increase its productivity significantly, rather than merely returning the asset to a functioning unit or making repairs of a routine nature, and
- 5) The capitalization threshold is applied to individual items rather than to groups of similar items (e.g. desks and tables).

- Practice 11.2.0 Investment Management: (Relevant Policies: 10.1.0 Use of Local Government Investment Pools and 11.1.0 Investment Management): This practice outlines the District's ability to invest public funds in a manner which provides the highest investment return consistent with the need for safety and liquidity while meeting its routine and non-routine cash flow requirements and complying with all federal, state and local statutes and regulations governing the investment of public funds. The primary investment objective is to obtain the maximum investment return in light of the following constraints: safety, risk, liquidity, cash flow requirements and operating within the guidelines of statutes and regulations.

- Practice 13.2.0 Capital Expenditure: (Relevant Policies: 1.1.0 Strategic Planning, 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets, 12.1.0 Multi-Year Capital Planning and 13.1.0 Capital Project Budgeting.) This practice outlines the authority and decision making responsibilities, financing resources and project life cycle for capital spending. It outlines clear levels of Trustees, General Manager, and operations staff duties as to planning, feasibility, scheduling, funding, design/specification, and constructing/acquisitions.

- Practice 14.2.0 Debt Management: (Relevant Policies: 11.1.0 Investment Management and 14.1.0 Debt Management and Limits.) This practice ensures that debt principal and interest payments are made on a timely and cost effective basis.

- Practice 14.2.1 Debt Issuance Limitations: (Relevant Policies: 11.1.0 Investment Management and 14.1.0 Debt Management and Limits.) This practice is to ensure that debt, through the issuance of bonded indebtedness, is limited to appropriate levels and the District will manage outstanding bonds through a measure of affordability as stated in the practice (such as, debt issued for non-utility purposes must remain within a Debt Coverage Ratio of at least 1.5 times). Debt issued for utility purposes must remain within a Debt Coverage Ratio of 1.75 times. Issuing a bond for any non-"utility" project or group of projects only when that is more than \$2,500,000, and can be repaid within 10 years of issuance and issuing a bond for any "utility" project or group of projects only when that is more than \$2,500,000 and can be repaid within 20 years of the completion of the project acquisition or construction.

- Practice 18.2.0 Central Service Cost Allocation Plan: Relevant Policy 18.1.0 Central Service Cost Allocation Plan, outlines the specific costs allowed for allocation (the District has selected to use only Accounting and Human Resources even though more are eligible), establishes the method for allocation including the basis as budgeted data, and identifies the manner of monthly billing for services and establishes a limit not to exceed budgeted

amounts.

- Practice 19.2.0 Appropriate Level of Working Capital: Relevant Policies: 1.1.0 Strategic Planning, 12.1.0 Multi-Year Capital Planning, and 13.1.0 Capital Project Budgeting, 14.1.0 Debt Management, 17.1.0 Appropriate Level of Working Capital: This practice is to maintain Working Capital in each Enterprise Fund in a manner which provides for contractual, bond and customer service obligations, while meeting its routine and non-routine cash flow requirements and complying with all federal, state and local statutes and regulations.

Attachment 4.c.

Policy Resolutions express the opinion, intention, or recognition by the Board of Trustees regarding District matters. The policy resolutions relating to financial matters are to be rescinded and converted into the current format of the Policies and Practice Statements that represent best business practice. Some policy resolutions have been repealed and replaced with Policy and Practice statements. The following Policy Resolutions impacting financial results are still in effect:

- Policy Resolution 105 aka **Resolution 1480**, Personnel Management: The Incline Village General Improvement District (IVGID) is committed to maintaining a dedicated and motivated work force, while developing its Staff's technical and professional standards to meeting changing demands for services with the Village. This policy statement establishes a framework which the Board of Trustees and the General Manager will use in addressing personnel matters within IVGID. The District operates under a Board-Manager form of government which places the Board of Trustees in the role of establishing overall IVGID policy direction. IVGID Staff is appointed to administer and execute day-to-day operations. The Manager is responsible for supervising these operations and providing general administrative direction. With regarding to IVGID personnel, it is the Board's responsibility to establish overall guidelines governing IVGID's approach to personnel matters. The Manager's role is to put these guidelines into the day-to-day practice of hiring, firing, motivating, promoting, demoting, compensating, and training individual employees.
- Policy Resolution 110 aka **Resolution 1493**, Policy Statement on Community Relations Expenditures. The purpose of this policy resolution is to ensure proper and frugal expenditure of public dollars for requests for financial participating in community events. The cash expenditure for any one event over \$1,000 must be approved by the Board of Trustees, and must be related to a purpose authorized by Nevada Revised Statues 318, sponsored by a local non-profit group, a one-time event, and the District's participation must be unique and not merely a contributor to a community fund-raising drive.
- Policy Resolution 132 aka **Resolution 1701**, Fundraising/Donation Activities at IVGID (District) Facilities: The purpose of this policy resolution is to establish a process and procedures by which the District donates the use of District facilities. This policy allows an organization to request the donation of a District facility. They must be a qualified, non-profit, volunteer organization or activity based in Incline Village/Crystal Bay, North Tahoe Region, government agency, or a local school that administers and conducts the activity themselves. The request will be considered on a first-come, first-served basis and use of District facilities will be evaluated on a venue by venue basis balancing capacity and the resident's needs as the key criteria. The activity must not be for commercial or personal gain with the exception that business

collaboration results in advertisements and its benefit to business. The activity must be overseen by the sponsoring organization and a lead individual identified to handle details up to and through the day of the event. This person must be someone who is in attendance at all times the day of the event. IVGID will have no responsibility for the administration of the event or for the funds collected by the activity.

- Policy Resolution 137 aka **Resolution 1801**, A policy for the provision of records to the public and an appointed of a District Public Records Officer. This policy resolution aligns the District public request with the Nevada Revised Statue 239, Nevada Public Records Law and Nevada Revised Statue 241, Nevada Open Meeting Law.

Attachment 4.d.

Policies and Procedures Manual for

Accounting & Financial Control



TABLE OF CONTENTS

<u>Section</u>	<u>Section Title</u>	<u>Page</u>
I	Internal Controls Effective Internal Controls	1-4
II	Controls In a Computer Environment Application Controls Program Maintenance Computer Operations Security	5-13
III	General Ledger & Journal Entries Maintaining an Effective Accounting System General Ledger Activity Adequate General Ledger Maintenance	14-19
IV	Cash Cash Management Cash Receipts Disbursements from Bank Accounts Imprest and Similar Funds Bank Reconciliations	20-26
V	Revenue Cycle Revenue Recognition Accounts Receivable Customer Returns and Allowances Other Revenues	27-30
VI	Production Cycle Sales and Product Forecasts Cost-Flow Methods Inventory Control Periodic Physical Inventory Inventory Obsolescence	31-35
VII	Prepaid Expenses Monitoring and Accounting for Prepaid Expenses Controlling Asset Balances	36-38
VIII	Investments Investment of Idle Funds Safeguarding of Investments Return of Investment	39-43

IX	Property and Equipment Additions to Property and Equipment Accurate Records of Property and Equipment Depreciation of Property and Equipment Existence of Capital Assets Disposal of Capital Assets	44-50
X	Purchasing and Account Payable Cycles Determination of Needs Placement of Orders Cellular Telephone Use Receipt and Acceptance Establishment of Accounts Payable Return of Goods to Suppliers Purchase Cut-Off Procurement Card Program Advertising Tipping Bulk Purchases	51-69
XI	Notes Payable and Long-Term Debt Financial Resource Requirements Assumption and Authorization of Debt Safekeeping of Debt Agreements Record of Debt Timely Interest Expense Accruals Debt Payments Bond Discounts and Premiums Current and Long-Term Debt Summary Debt Covenants	70-78
XII	Accrued Liabilities Monitoring of Accrued Liabilities Reconciliations and Accuracy	79-81
XIII	Human Recourses and Payroll Cycle Payroll and Personnel/Human Resources Wages and Salaries Timekeeping Payment to IVGID Employees Payroll Deductions Quarterly and Year-End Reports	82-87
XIV	Budget Cycle Budgetary Controls	88-90

Attachment 4.e.



Purchasing Procedures for IVGID

TABLE OF CONTENTS

I. DETERMINATION OF NEEDS4
 Objective4
 Procedures4
 Method to Determine Needs4
 New Vendors5
 Purchase Order Processing5
 Bid Processes6
 Purchasing Bids under NRS 332.....6
 Public Works Construction CIP Contracts.....7
 A. Construction Projects over \$100,0008
 B. Construction Projects between \$25,000 and \$100,000 .8
 C. Construction Projects under \$25,0009
 Emergency Bidding not required9
 Change Orders9

II. PLACEMENT OF PURCHASE ORDERS9
 Objective9
 Procedures 10
 Establishment of Purchasing Guidelines 10
 Entering Into Purchase Commitments 11
 Preparation of Purchase Orders..... 11
 Copies of Purchase Orders 12
 Review of Unmatched Purchase Commitments..... 12

III. RECEIPT AND ACCEPTANCE OF PURCHASES 12
 Objective 12
 Procedures 12
 Inspection of All Goods and Services 12
 Proper Communication between Departments 13
 Receiving Documentation Sent to Accounting 13
 Inspection and Approval of All Services Received 13
 Storing and Controlling of Goods 13
 Recording month-end inventory 14

IV. ESTABLISHMENT OF ACCOUNTS PAYABLE 14
 Objective 14
 Procedures 14



Purchasing Procedures for IVGID

Establishment of Invoice Control.....	14
Accounts Payable Time-Line.....	14
Request-for-Check forms	15
Travel Authorization	15
Reimbursable Expense	15
Preparation for Payment of Invoices	16
Procedure Performed on Invoices for Payment	16
Procedures for Construction Contracts Paid by Application	16
Guidelines for C.O.D. Purchases	17
Processing Invoices for Payment.....	17
Check Run Process.....	18
Out-of-cycle Checks	18
Returned Checks.....	19
Reconciliation of Accounts Payable General Ledger Amounts.....	19
Review of Debt Balances in Accounts Payable	19
Review of Hold Balances in Accounts Payable.....	19
Reconciliation of Accounts Payable Record to Suppliers' Records	20
Sales and Use Tax	20
V. PROCUREMENT CARD PROGRAM	20
Objective	20
Procedures	21
Approval of cards	21
Issuance of cards	21
Cardholder responsibilities	22
Monthly statement review and approval.....	22
Monthly statement payment	23
Purchasing Card Maintenance and Closure	23
Sales and Use Tax	23
General Ledger Posting	24
VI. PURCHASE CUT-OFF	24
Objective	24
Procedures	24
Procedures for Proper Purchasing Cut-Off at End of Accounting	
Period	24
VII. RETURN OF GOODS TO VENDORS	25
Objective	25



Purchasing Procedures for IVGID

Procedure 25
 Shipment of Goods Back to Vendor 25

VIII. ADVERTISING 25
 Objective 25
 Procedure 26
 Ad preparation and placement 26

X. TIPPING 27
 Objective 27
 Procedure 27
 Limitation of food tips 27

XI. Handling instructions for Specific Goods and Service Type..... 27
 Office Supplies 27
 Janitorial Supplies 27
 Fuel Purchases 28
 IT Peripheral Equipment..... 28
 IT Licenses and Software 28
 Specialty Chemicals and Other Large Quantity Supplies 28

Attachment 4.f.



PERSONNEL POLICIES

1. GENERAL PROVISIONS

<u>#</u>	<u>Title</u>	<u>Page #</u>
1.1	Purpose	1-1
1.2	Scope	1-1
1.3	Administration	1-1
1.4	Administrative Directive	1-2
1.5	Change of Address	1-2
1.6	Personnel Files	1-2
	1.6.1 Maintenance of Personnel Files	1-2
	1.6.2 Employee Access	1-3
	1.6.3 Negative Information	1-3
	1.6.4 Employee Information Submitted	1-4
	1.6.5 Verification of Employment	1-4
1.7	Confidential Information	1-4
	1.7.1 Identification of Confidential Information	1-4
	1.7.2 Access to Confidential Information	1-7
	1.7.3 Responsibilities	1-8
	1.7.4 Disposal of Confidential Information.....	1-8
1.8	Legal Process Serving	1-9
	1.8.1 Lawsuit	1-9
	1.8.2 Summons	1-9
	1.8.3 Service of Criminal Process	1-10
	1.8.4 Process Serving regarding District Business.....	1-10
	1.8.5 Process Serving regarding a District Employee	1-10
	1.8.6 Garnishment	1-10
1.9	Related Forms	1-11

2. EMPLOYEE RELATIONS

2.1	General	2-1
2.2	Fair Employment Practices	2-1
	2.2.1 Policy	2-1
	2.2.2 Scope	2-3
	2.2.3 Equal Employment Opportunity Officer Designated	2-3



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
2.3	Unlawful Harassment	2-4
	2.3.1 Definition.....	2-4
	2.3.2 Prohibited Conduct	2-4
2.4	Dealing with Allegations of Discrimination and/or Unlawful Harassment ..	2-5
	2.4.1 Process.....	2-5
	2.4.2 Employee Responsibilities	2-5
	2.4.3 Supervisor/Manager Responsibilities	2-6
	2.4.4 Reporting Requirements	2-7
	2.4.5 Investigation.....	2-7
	2.4.6 Training.....	2-8
	2.4.7 Prohibition Against Retaliation	2-8
2.5	Employee Bullying	2-9
	2.5.1 Definition.....	2-9
	2.5.2 Purpose	2-9
	2.5.3 Prohibited Conduct	2-9
	2.5.4 Dealing with Allegations of Bullying.....	2-10
	2.5.5 Prohibition Against Retaliation	2-11
2.5A	Disciplinary Actions Taken Under Ordinance 7 for Misconduct	2-12
	2.5A.1 Statement of Purpose	2-12
	2.5A.2 Behavior that affects the ability of our residents and guests to enjoy IVGID’s Recreational Facilities.....	2-12
	a. Physically Abusive Behavior.....	2-12
	b. Verbal Attacks	2-13
	c. Chronic Rule Breaking.....	2-14
	d. Damaging IVGID real property and chattel	2-15
	e. Profanity	2-15
	f. Abuse of Recreational Privileges.....	2-16
	g. National Ski Area Association (NSAA) “Your Skier Responsibility Code”	2-16
	2.5A.3 Behavior directed towards IVGID’s Staff	2-17
	a. Physically Abusive Behavior.....	2-17
	b. Verbal Attacks	2-18
	2.5A.4 Matters left to the discretion of the Recreational Venue Manager	2-19
	2.5A.5 Criminal Behavior.....	2-20
	2.5A.6 Definitions.....	2-20
2.6	Employment Disabilities	2-21
	2.6.1 Purpose of Policy	2-21
	2.6.2 Policy	2-21
	2.6.3 Determination of Disability	2-22
	2.6.4 Disability-Related Inquiries.....	2-22

TOC-2

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PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
2.6.5	Confidentiality of Medical Records	2-23
2.6.6	Accommodation	2-23
	1. Accommodation for Applicants	2-23
	2. Accommodation for Employees	2-24
2.6.7	Requirements of Other Laws	2-24
2.6.8	Glossary of ADA-Related Terms	2-25
2.7	Drug-Free and Alcohol-Free Workplace	2-28
2.7.1	Purpose	2-28
2.7.2	Policy	2-28
2.7.3	Employee Responsibilities	2-31
2.7.4	Supervisor Responsibilities	2-33
2.7.5	Department Head Responsibilities	2-33
2.7.6	Risk Management Responsibilities	2-34
2.7.7	Employee Education	2-35
2.7.8	Employee Assistance and Voluntary Referral	2-35
2.7.9	Reasonable Suspicion Testing	2-36
2.7.10	Post-Accident Testing	2-39
2.7.11	Consequence of Refusal to Submit to Testing/Adulterated Specimen	2-40
2.7.12	Testing Guidelines	2-41
2.7.13	Option for Drug Retest (For Commercial Drivers License (CDL) Program only)	2-42
2.7.14	Searches	2-42
2.7.15	Discipline Related to Abuse	2-43
2.7.16	Confidentiality	2-45
2.7.17	Glossary of Drug-Free and Alcohol-Free Workplace Related Terms ...	2-45
2.8	Prohibition of Workplace Violence	2-47
2.8.1	Policy	2-47
2.8.2	Scope	2-47
2.8.3	Implementation of Policy	2-47
2.8.4	Violations	2-50
2.8.5	Temporary Restraining Orders	2-50
2.9	Employment of Relatives (Nepotism)	2-52
2.10	Code of Conduct and Ethical Standards	2-52
2.11	Political Activity	2-56
2.11.1	Running for, or Holding, Political Office	2-57
2.12	Distribution, Solicitation and Vending	2-58
2.13	Work Stoppage Prohibited	2-58

TOC-3

Adopted September 30, 2009; Effective November 1, 2009

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PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
2.14	Use of District Property and Premises	2-58
2.15	Telephone Policy	2-59
	2.15.1 Personal Telephone Calls.....	2-59
	2.15.2 Cellular Telephone.....	2-60
2.16	Information Technology	2-62
	2.16.1 Policy.....	2-62
	2.16.2 Privacy.....	2-62
	2.16.3 Use.....	2-62
	2.16.4 Prohibited Use.....	2-63
	2.16.5 Temporary Access.....	2-64
	2.16.6 Violation of Policy.....	2-65
2.17	Social Media	2-65
	2.17.1 Policy.....	2-65
	2.17.2 Definition.....	2-67
	2.17.3 District Business Use.....	2-67
	2.17.4. Personal Use.....	2-67
	2.17.5 Monitoring.....	2-68
	2.17.6 Violation of Policy.....	2-69
2.18	Outside Employment/Outside Business Interest	2-69
	2.18.1 Policy.....	2-69
	2.18.2 Conflicting Employment.....	2-69
	2.18.3 Procedure.....	2-70
2.19	Use of Tobacco	2-71
2.20	Dress and Grooming	2-71
	2.20.1 Policy.....	2-71
	2.20.2 Enforcement.....	2-72
2.21	Domestic Partners	2-72
	2.21.1. Coverage.....	2-72
	2.21.2 Certificate of Domestic Partnership.....	2-73
2.22	Employee Dating/Marriage & Supervisory/Managerial Dating	2-73
	2.22.1 Policy.....	2-73
	2.22.2 Scope.....	2-73
	2.22.3 Supervisor/Manager Responsibilities.....	2-75
2.23	Children in the Workplace	2-75

TOC-4

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Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
2.24	Related Forms.....	2-76
3.	EMPLOYMENT	
3.1	Scope	3-1
3.2	Job Announcements	3-1
3.3	Applications	3-2
3.4	Applications Filing Periods	3-2
3.5	Disqualification of Applicants	3-3
3.6	Selection Process	3-4
	3.6.1 Interviewing Applicants	3-4
	3.6.2 Selection Decision	3-5
	3.6.3 Interview Expense.....	3-6
3.7	Reference Checks	3-6
	3.7.1 Acquiring References.....	3-6
	3.7.2 Providing References.....	3-8
3.8	Offers of Employment	3-10
	3.8.1 Job Offer Letters	3-10
	3.8.2 Notifications	3-10
	3.8.3 Conditional Offers	3-11
3.9	Probationary Period	3-11
3.10	Transfers	3-11
3.11	Promotions	3-12
3.12	Reassignment	3-12
3.13	Bridging of Service	3-12
3.14	Employment of Minors	3-13
3.15	District Orientation	3-13

TOC-5

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 Adopted and Effective February 10, 2010
 Adopted June 13, 2012; Effective July 1, 2012
 Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
3.16	License/Occupational Certification	3-14
	3.16.1 Purpose	3-14
	3.16.2 Employee Responsibilities	3-15
3.17	Fingerprinting	3-16
3.18	Volunteer Program	3-16
	3.18.1 Purpose	3-16
	3.18.2 Scope	3-17
	3.18.3 Planning	3-17
	3.18.4 Recruiting, Screening, Interviewing, and Selecting Volunteers	3-18
	3.18.5 Managing Volunteers	3-19
3.19	Related Forms	3-20
4.	COMPENSATION	
4.1	General	4-1
4.2	Pay Periods and Paydays	4-1
4.3	Work Week Defined	4-1
4.4	Work Time	4-1
	4.4.1 Attendance	4-1
	4.4.2 Work Schedules	4-2
	4.4.3 Rest Periods	4-2
	4.4.4 Lactation Breaks	4-2
	1. General Requirements	4-3
	2. Time and Location of Breaks	4-3
	3. Coverage and Compensation	4-4
	4. FLSA Prohibitions on Retaliation	4-4
	4.4.5 Meal Periods	4-5
	4.4.6 Work Assignments	4-5
4.5	Time Reporting	4-5
	4.5.1. Purpose	4-5
	4.5.2 Hours Worked	4-6
	4.5.3 Position Designations – Exempt, Non-Exempt or Recreational-Exempt	4-6
	4.5.4 Responsibility for Exempt, Non-Exempt, or Recreational-Exempt Designation	4-7
	4.5.5 Responsibility for Time Reporting	4-7
4.6	Overtime	4-7

TOC-6

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 Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
4.6.1	Non-Exempt Employees	4-7
4.6.2	Exempt Employees	4-8
4.6.3	Recreational-Exempt Employees	4-11
4.6.4	Safe Harbor	4-11
4.7	Rates of Pay	4-12
4.7.1	Compensation Plan.....	4-12
4.7.2	Starting Salaries	4-12
4.7.3	Promotional Increases	4-13
4.7.4	Y-Rating.....	4-13
4.8	Salary Increases	4-13
4.9	Work Out-of-Class	4-14
4.10	Call-in Pay	4-14
4.11	Work Hour Reduction	4-14
4.12	Discretionary Bonus	4-14
4.12.1	General Requirements for both Bonus Plans	4-15
4.12.2	Economic Difference Bonus.....	4-15
4.12.3	You Make a Difference Bonus	4-16
4.13	Related Forms	4-16
5.	LEAVE PLANS	
5.1	Holidays	5-1
5.1.1	Holidays Designated	5-1
5.1.2	Holiday Pay.....	5-1
5.1.3	Weekend Holidays	5-2
5.1.4	Banked Holidays	5-2
5.1.5	Work on Holidays.....	5-3
5.1.6	Seasonal Managers	5-3
5.2	Vacation	5-3
5.2.1	Vacation Accrual	5-3
5.2.2	Maximum Accrual	5-4
5.2.3	Use of Vacation	5-4
5.2.4	Vacation Pay at Termination	5-4
5.3	Sick Leave	5-5
5.3.1	Sick Leave Accrual	5-5

TOC-7

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Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
5.3.2	Use of Sick Leave	5-5
5.3.3	Abuse of Sick Leave	5-6
5.3.4	Illness During Vacation	5-6
5.3.5	Placing an Employee on Sick Leave	5-6
5.3.6	Return to Work.....	5-7
5.3.7	Sick Leave Sell-Back	5-7
5.3.8	Sick Leave at Retirement.....	5-7
5.3.9	Sick Leave Procedures	5-8
	1. Leave Approval	5-8
	2. Notification	5-8
	3. Doctor's Certification	5-8
5.4	Donation of Time	5-9
5.5	Leave of Absence Without Pay	5-10
	5.5.1 Policy	5-10
	5.5.2 Procedure	5-10
	1. Approval – Less Than 30 Days	5-10
	2. Approval – More Than 30 Days	5-10
	3. Employees on Unpaid Leave	5-10
	4. Failure to Return	5-11
	5. Insurance	5-11
	6. Medical Leaves	5-11
	7. Benefit Accrual	5-11
5.6	Court Leave	5-12
	5.6.1 When Granted	5-12
	5.6.2 Compensation.....	5-12
	5.6.3 Subpoena for Court Appearance	5-13
5.7	Bereavement Leave	5-13
5.8	Emergency Conditions/Inclement Weather	5-13
	5.8.1 Emergency Road Conditions	5-13
	5.8.2 Inclement Weather.....	5-14
5.9	Military Leave	5-14
	5.9.1 Policy	5-14
	5.9.2 Notice and Notification	5-15
	5.9.3 Salary and Benefits.....	5-15
	1. Compensation	5-15
	2. Health Insurance	5-16
	3. Seniority	5-16
	4. Retirement	5-17

TOC-8

Adopted September 30, 2009; Effective November 1, 2009
 Adopted and Effective February 10, 2010
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 Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
	5. Death or Disability	5-17
	6. Other Leave	5-17
5.9.4	Reemployment.....	5-17
5.9.5	Discharge	5-18
5.10	Voting Time Off.....	5-19
5.11	School Activities Leave.....	5-19
5.12	Family and Medical Leave (FMLA)	5-19
5.12.1	Policy	5-19
1.	Eligibility	5-20
2.	Compensation During Leave	5-20
3.	Intermittent or Reduced Schedule Leave.....	5-21
5.12.2	Duration of and Reasons for Leave	5-21
5.12.3	Military Caregiver Leave	5-24
5.12.4	Notice of Leave	5-27
5.12.5	Certification of Leave	5-27
1.	Serious health condition	5-27
2.	Exigency leave	5-28
3.	Caregiver leave	5-28
4.	Incomplete or Insufficient Certification (cure period).....	5-29
5.	Clarification or Authentication of certification	5-29
6.	Second and Third opinions.....	5-29
7.	Recertification	5-30
8.	Annual Medical Certification	5-30
5.12.6	Designation Notice.....	5-31
5.12.7	Benefits Coverage During Leave	5-31
1.	Outside Employment	5-32
2.	Periodic Reporting.....	5-32
3.	Change in Duration of Leave and/or Return Prior to Expiration	5-32
4.	Request an Extension of Leave.....	5-33
5.12.8	Return from Leave	5-33
5.12.9	Failure to Return from Leave	5-34
5.13	Related Forms	5-34
6.	BENEFITS	
6.1	General	6-1
6.2	Health Insurance Coverage	6-1
6.2.1	Eligibility	6-1

TOC-9

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

<u>#</u>	<u>Title</u>	<u>Page #</u>
6.2.2	Benefits	6-2
6.2.3	Plan Changes	6-2
6.2.4	Privacy Practices	6-2
6.3	Life Insurance Coverage	6-2
6.3.1	Eligibility	6-2
6.3.2	Policy	6-2
6.3.3	Coverage	6-3
6.3.4	Plan Changes	6-3
6.3.5	Supplemental Voluntary Life Insurance	6-3
6.4	Disability Coverage	6-3
6.4.1	Short Term Disability	6-3
6.4.2	Long Term Disability	6-3
6.4.3	Plan Changes	6-4
6.5	Retirement	6-4
6.6	Deferred Compensation	6-4
6.7	Training and Continuing Education	6-5
6.7.1	Seminars/Outside Training	6-5
6.7.2	Educational Assistance	6-5
6.8	Benefits for Part-time Positions	6-6
6.8.1	Eligibility	6-6
6.8.2	Benefits	6-7
6.9	Employee Assistance Program	6-7
6.10	Recreation Privileges	6-8
6.11	Workers' Compensation	6-8
6.12	Related Forms	6-10
7.	TRAVEL EXPENSES	
7.1	Policy	7-1
7.2	Allowances	7-1
7.2.1	Mileage	7-1
7.2.2	Lodging	7-2
7.2.3	Meals	7-2

TOC-10

Adopted September 30, 2009; Effective November 1, 2009
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 Adopted June 13, 2012; Effective July 1, 2012
 Adopted March 12, 2014; Effective April 1, 2014



PERSONNEL POLICIES

<u>#</u>	<u>Title</u>	<u>Page #</u>
7.2.4	Other Expenses	7-2
7.2.5	Unallowable Expenses	7-2
7.3	Processing	7-3
7.3.1	Travel Authorization Forms	7-3
7.3.2	Expense Reports	7-3
7.3.3	Advances	7-3
7.4	Related Forms	7-4
8.	PROCUREMENT CARDS	
8.1	Policy	8-1
8.2	Scope	8-1
8.3	Authority of Issuance	8-1
8.4	Termination of Employment with the District	8-2
8.5	Benefit of the District	8-2
8.6	Verification of Transactions	8-2
8.7	Revocation of a Procurement Card	8-2
8.8	Splitting of Charges	8-2
8.9	Gratuity	8-3
8.10	Receipts	8-3
8.11	Accounting Processing and Reconciliation	8-3
8.12	Cardholder's Responsibility	8-4
8.13	Related Forms	8-5
9.	PERFORMANCE MANAGEMENT	
9.1	Statement	9-1
9.1.1	Purpose	9-1
9.1.2	Ongoing Communication Regarding Performance	9-2
9.1.3	Frequency of Performance Evaluations	9-2

TOC-11

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

<u>#</u>	<u>Title</u>	<u>Page #</u>
9.1.4	Written Record	9-3
9.1.5	Personnel Actions Resulting from Performance Evaluations	9-3
9.1.6	Employee Involvement	9-4
9.2	Procedure	9-4
9.2.1	Steps in the Performance Evaluation Process for year round employees	9-4
9.2.2	Performance Evaluation Process for seasonal employees	9-5
9.3	Related Forms	9-5
10.	EMPLOYEE SEPARATION	
10.1	Resignation	10-1
10.1.1	Notice	10-1
10.1.2	Return of District Property	10-1
10.1.3	Job Abandonment.....	10-1
10.1.4	Final Paycheck	10-1
10.2	Layoffs	10-2
10.2.1	Alternatives to Layoff (for year round employees)	10-2
10.2.2	Order of Layoffs	10-2
10.3	Discharge	10-3
10.4	Exit Interviews	10-3
10.5	Related Forms	10-3
11.	RULES FOR CONDUCT AND BEHAVIOR	
11.1	Statement	11-1
11.2	Unacceptable Activities and/or Behaviors	11-1
11.3	Related Forms	11-4
12.	DISCIPLINARY ACTIONS AND APPEALS	
12.1	Progressive Discipline	12-1
12.2	Types of Disciplinary Action	12-2
1.	Verbal Warning	12-2
2.	Written Warning	12-2

TOC-12

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

<u>#</u>	<u>Title</u>	<u>Page #</u>
3.	Suspension	12-2
4.	Salary Reduction	12-3
5.	Demotion	12-3
6.	Discharge	12-3
12.3	Due Process	12-3
12.4	Discharge	12-4
12.5	Administrative Leave During Disciplinary Proceedings	12-5
12.6	Discharge of Employees in Seasonal, Part-time, On-Call and Temporary positions	12-6
12.7	Related Forms	12-6
13.	CONCERN/DISPUTE RESOLUTION	
13.1	Concern/Dispute	13-1
13.2	No Retaliation	13-1
13.3	Time Limits	13-1
13.4	Concern/Dispute Resolution Process	13-2
	13.4.1 Discussion with Immediate Supervisor (Step 1.)	13-2
	13.4.2 Formal Written Notice of Concern/Dispute (Step 2.)	13-2
	13.4.3 General Manager Review (Step 3.)	13-4
13.5	Other	13-4
13.6	Related Forms	13-4
14.	HEALTH AND SAFETY	
14.1	Responsibilities	14-1
	1. Director of Finance, Accounting & Risk Management	14-1
	2. Department Head.....	14-2
	3. Supervisor.....	14-2
	4. Employee.....	14-2
14.2	Related Forms	14-3
15.	DEFINITION OF TERMS	15-1

TOC-13

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

<u>#</u>	<u>Title</u>	<u>Page #</u>
	Appendix A: Consanguinity and Affinity Chart	APPENDIX A-1
	Appendix B: Notice of Privacy Practices	APPENDIX B-1

TOC-14

Adopted September 30, 2009; Effective November 1, 2009
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