

June 30, 2022

To: Ray Tulloch Chairman IVGID Audit Committee

CC: Paul Navazio, Susan Herron

From: Clifford F. Dobler

Re: Final AC Report to Board of Trustees dated March 9, 2022 - ***To be included as correspondence in the next AC meeting***

Within the above referenced report, on page 19 on Appendix 1, the AC stated that \$182,023 charged to the Effluent Pipeline Project for the two year period from July 1, 2019 to June 30, 2021 should be reclassified as expenses from the Construction in Progress accounts .

On June 29, 2022, I received a listing of all charges to the Effluent Pipeline Project t # 2524SS1010 for the two year period which is attached as EXHIBIT A

HISTORY

A brief history of actual events indicates that from July 1, 2019 to January 29, 2020 nothing much had been accomplished. A large presentation to the Board of Trustees was done on January 29, 2020 about major cost increases. Subsequently in March, 2020, Staff requested the Board to approve design contracts to replace 5,000 feet of the pipeline and to begin design on Pond #1. The Board rejected both requests and directed management to proceed with the projects under a CMAR contract. On May 6, 2020, a draft of RFQ requirements for CMAR services was completed and on February 1, 2021 a contract for \$369K was finally issued to Granite Construction to perform Pre Construction analysis. On May 3, 2021, Granite released their findings on the analysis.

In June , 2020, HDR was issued a contract to design critical repairs which was later cancelled on July 13, 2020. Also a contract was issued to Jacobs Engineering to develop alternatives for lining Pond #1 which was delivered in September, 2021.

A SUMMARY OF COSTS

- \$93,300 in IVGID staff engineering - The largest component was preparing the January 29, 2020 presentation to the Board.
- \$28,730 - paid to complete IVGID's share of the EIS for the Forest Service sponsored by the Tahoe Transportation District Prior cost of \$270K were charged off as a "prior period adjustment" in 2021
- \$23,643 - paid to NDOT for the final paving in SR 28 over repairs completed in 2017 and 2018
- \$3,797 - paid to HDR for final analysis of the conditions assessment conducted by PICA in 2018
- \$5,870 - paid to HDR to design critical repairs. This project was cancelled.
- \$9,618 - paid to Granite Construction for assessment
- \$14,905 - paid to Jacobs Engineering for the Pond which should be reclassified to the proper account
- \$2,163 - paid for a work order (assumed to be the installation of a big bully)

CONCLUSION

From the information above with the exception of the \$14,005 paid to Jacobs Engineering for the Pond project, all costs incurred in 2022 and 2021 should be EXPENSED as pre development costs. \$167,118,20. Also the costs associated with the pond should be expensed.

EXHIBITS

Exhibit A - Effluent Pipeline Project Costs incurred from July 1, 2019 to June 30, 2021

2524SS1010 Effluent Pipeline Project

EFFECTIVE DATE	DESCRIPTION	VENDOR	VENDOR INVOICE#	PROJECT	DEBIT	CREDIT	BALANCE
	Capital Improvements			Balance Forward			0.00
07/31/2019	CIP Work Order Charges - July 2019			2524SS1010	745.57		745.57
09/03/2019	Effluent Export Line co-alignment project. Board-awarded November 12, 2014	Tahoe Transportation District	SI12333	2524SS1010	2,386.30		3,131.87
09/11/2019	Custom Insulated ARV Cover with Velcro Enclosure	Big Bully Enterprises	1833	2524SS1010	720.00		3,851.87
09/30/2019	CIP Work Order Charges - September 2019			2524SS1010	692.93		4,544.80
09/30/2019	CIP Engineering Charges - Sept. 2019			2524SS1010	4,100.00		8,644.80
10/10/2019	Effluent Export Line co-alignment project. Board-awarded November 12, 2014	Tahoe Transportation District	SI12367	2524SS1010	2,008.48		10,653.28
10/10/2019	Effluent Export Line co-alignment project. Board-awarded November 12, 2014	Tahoe Transportation District	SI12368	2524SS1010	24,335.87		34,989.15
10/15/2019	Effluent Export Pipeline Interlocal Agreement R475-17-015, Board-awarded August 22, 2017.	Nevada Dept. of Transportation	03671J3803	2524SS1010	23,643.78		58,632.93
10/31/2019	CIP Engineering Charges - October 2019			2524SS1010	500.00		59,132.93
11/30/2019	CIP Engineering Charges - November 2019			2524SS1010	2,800.00		61,932.93
12/31/2019	CIP Engineering Charges - December 2019			2524SS1010	1,500.00		63,432.93
01/31/2020	CIP Engineering Charges - January 2019			2524SS1010	16,300.00		79,732.93
02/29/2020	CIP Engineering Charges - February 2020			2524SS1010	5,500.00		85,232.93
03/31/2020	CIP Engineering Charges - March 2020			2524SS1010	2,000.00		87,232.93
06/30/2020	Accrue Granite Construction estimate			2524SS1010		16,000.00	71,232.93
	TOTAL				87,232.93	16,000.00	71,232.93
					Balance	Forward	71,232.93
07/08/2020	ASA 36 - Effluent Line condition assessment data analysis.	HDR Engineering, Inc.	1200278764	2524SS1010	2,437.00		73,669.93
07/30/2020	ASA 36 - Effluent Line condition assessment data analysis.	HDR Engineering, Inc.	1200289156	2524SS1010	1,359.91		75,029.84
10/31/2020	CIP Engineering Charges - October 2020			2524SS1010	2,000.00		77,029.84
11/30/2020	CIP Engineering Charges - November Estimate			2524SS1010	2,000.00		79,029.84
12/01/2020	CIP Engineering Charges - November Estimate			2524SS1010		2,000.00	77,029.84
12/01/2020	CIP Engineering Charges - November			2524SS1010	3,000.00		80,029.84
12/31/2020	CIP Engineering Charges - December			2524SS1010	6,500.00		86,529.84
01/31/2021	CIP Engineering Charges - January			2524SS1010	5,000.00		91,529.84
02/28/2021	CIP Engineering Charges - February			2524SS1010	7,000.00		98,529.84
03/31/2021	CIP Engineering Charges - March 2021			2524SS1010	7,200.00		105,729.84
03/31/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-P1	2524SS1010	812.60		106,542.44
04/02/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-E1	2524SS1010	3,544.80		110,087.24
04/30/2021	CIP Engineering Charges - April 2021			2524SS1010	9,100.00		119,187.24
05/28/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-P3	2524SS1010	1,049.80		120,237.04
05/28/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-E3	2524SS1010	4,199.20		124,436.24
05/31/2021	CIP Engineering Charges - May			2524SS1010	5,500.00		129,936.24
06/21/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-P2	2524SS1010	1,553.80		131,490.04
06/26/2021	Effluent Export Pipeline Project; Project management, critical pipeline repair ID, etc., per Contract awarded by Board on June 9, 2021.	HDR Engineering, Inc.	1200362785	2524SS1010	5,869.86		137,359.90
06/30/2021	CIP Engineering Charges - June			2524SS1010	8,000.00		145,359.90
06/30/2021	CIP Engineering Charges - June			2524SS1010	7,300.00		152,659.90
06/30/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-E4	2524SS1010	1,205.80		153,865.70
06/30/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-E5	2524SS1010	4,549.20		158,414.90
06/30/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-P4	2524SS1010	60.20		158,475.10
06/30/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-P5	2524SS1010	2,538.30		161,013.40
06/30/2021	Effluent Export Pipeline and Pond Lining Project; pre-construction CMAR services. Project bid per NRS 338. Board awarded 1/28/2021.	Granite Construction Co.	1120427-E2	2524SS1010	6,104.80		167,118.20
06/30/2021	Effluent Storage Pond - Phase 1, Pond Lining Alternatives, per contract awarded by Board on 6/9/2021.	Jacobs Engineering Group Inc	W8Y12900-01	2524SS1010	14,904.63		182,022.83
	TOTAL				112,789.90	2,000.00	110,789.90
	GRAND TOTAL				200,022.83	18,000.00	182,022.83

July 10, 2022

To: Ray Tulloch - Chairman of Audit Committee

From: Clifford F. Dobler

Re: Wastewater Treatment Plant Improvements #259922102 - Potential charge offs of prior costs which may have been capitalized as an asset rather than expensed as repair and maintenance.

THIS CORRESPONDENCE IS TO BE MADE PART OF THE NEXT AUDIT COMMITTEE PACKET.

At the Audit Committee meeting held on June 16, 2022, the committee reviewed all of the charges accounted for under one n project #259922102 which amounted to \$1,197,757 for the 7 year period from July 1, 2014 to June 30, 2021 (***EXHIBIT A***).

The AC asked to receive more information on the 15 internal "work orders" amounting to \$41,937. A public records request was made and the 15 work orders are attached as ***EXHIBIT B***. The work orders provided minimal information and consisted of charges for labor and equipment usage, presumably for trucks. NO MATERIALS WERE INCLUDED IN THE WORK ORDERS.

It was quite disappointing to find that of the 15 work orders, 7 were not related to the Sewer Treatment Plant. There was one for Sewer Pump Station #4, one for Sewer Pump Station #5, and two for Sewer Pump Station #1. There were two for the DWSP#3, one for Reservoir Access Safety Improvements (part of the water system) and the remaining is not identified. One work order on 4/30/20216 plant had \$61,924.52 in material costs with no disclosure on who it was paid to nor what it was for.

According to the Project Summary for Fiscal year 2022-2023, this account will involve over 5 treatment processes requiring four different types of equipment. In addition, six different facilities to control other aspects.

According to the Project Summary (***EXHIBIT C***) that over the next six years, \$1.125 million will be spent on four large projects and the remaining \$375K is listed as Equipment Improvements. This is assumed to be a catch all for repairs and maintenance.

Since the AC was unaware if the costs specified in EXHIBIT A have been allocated into separate components and then capitalized according to Board Policies and Practices, it becomes impossible to determine what amount of costs should have charged off as expenses. There obviously is no internal controls over what costs should be charged to what project. It would seem that the project account may have been established as a "catch all" for many items.

EXHIBIT A - Listing of historical charges to project # 259922102

EXHIBIT B - Listing of Work Orders.

EXHIBIT C - Project Summary Report fiscal 2022-2023

August 15, 2022

To: Audit Committee and Paul Navazio

CC: Ray Tulloch, IVGID Board of Trustees and Indra Winquest

From: Clifford F. Dobler

Re: Charge off of capital assets or cost held in construction in process which should have been expensed as PRIOR PERIOD ADJUSTMENTS FOR FISCAL YEAR ENDING JUNE 30, 2021

With the creation of the Moss Adams report regarding expensing pre development designs and assessments on potential capital projects, the Audit Committee engaged members to determine what historical costs which were capitalized as an asset or held in the construction in progress accounts should be expensed. Any costs subject to expensing and which occurred in a prior year would be reported as a "Prior Period Adjustment".

In the June 30, 2020 CAFR, IVGID Staff determined that \$212,044 and \$77,216 relating to the community services master plan and the high school ball field held in the CIP account were applicable to predevelopment concept designs and were expensed. These charge offs were reported as "Prior Period Adjustments" in the CAFR. The Audit Committee then realized that IVGID staff had not done the necessary research on predevelopment design and assessments on other potential projects most of which were in the CIP account.

On May 31, 2021, I provided a memorandum of pre design and assessment costs on 10 projects which should NOT have been retained in the CIP account or capitalized as an asset. The total estimated costs were \$4,469,712. (Exhibit A)

In the June 30, 2021 ACFR, Staff only addressed \$3,100,110 for pre design and assessments on Phase II of the Effluent Pipeline which was expensed from the capital asset account and reported as a "Prior Period Adjustment". Four other projects indicated in my May 31, 2021 memo, namely, a water line leak study (\$78,506), the Incline Beach Building concept designs (\$216,131), the Tennis Facility Study (\$40,143), and the Diamond Peak Master Plan (\$156,030) were charged off from the CIP account but were NOT reported as prior period adjustments but instead reduced the current year capital additions to the CIP account. An additional \$95,628 for the Diamond Peak Master Plan was charged off in the same fashion but was not included in my memo.

Charging off expenses incurred in prior years against current year capital costs is unheard of and a complete contradiction when compared to the pipeline charge off. The costs were incurred in the prior years and should have been reported as a prior period adjustment NOT a reduction against current year capital costs.

Another 10 items for 110,061 (not covered in the May 31, 2021 memo) was charged off from the CIP account but not reported as a prior period adjustment and again reduced current year costs. These items were true expenses or the amounts failed to meet capitalization thresholds.

Not only did Staff fail to charge off, as a prior period adjustment, \$120,268 for pre design and assessments on the Incline Park ball fields but remarkably **ADDED \$120,268 to the ball field costs prior to transferring the total to the capital project account thus leaving a NEGATIVE balance in the CIP account.** This transaction is unacceptable and a manipulation of costs.

In fiscal year 2020, \$1,591,983 in costs for the Mountain Golf Course Clubhouse rehab was transferred from the CIP account to a capital asset account. Included in the transfer was \$282,954 for conceptual designs and temporary repairs which should have been expensed but was not. Also \$46,000 in pre design costs for cart paths was not expensed and

remain in the CIP account. There is no logical reason why these amounts were not charged off as a prior period adjustments.

Lastly, \$219,802 for temporary repairs and conceptual design on the Burt Cedar Pool and \$40,000 for concept design on the WRRF Aeration System were not charged off as prior period adjustments and remain in the CIP accounts as of June 30, 2021.

The inconsistency in reporting for essentially the same type of costs in the June 30, 2021 ACFR is unacceptable and created a material misrepresentation in reporting the 2021 ACFR.

To recap this mess

- A total of \$4,675,401 should have been recorded as prior period adjustments in fiscal 2021
- Only \$3,110,110 of the recommended \$3,179,600 pipeline costs were charged off as a PRIOR PERIOD ADJUSTMENT
- \$698,476 was charged off from the CIP accounts to current year capital project costs rather than properly being recorded as a prior period adjustment
- \$746,547 in costs primarily for the Burnt Cedar Pool repairs and concept designs and the Mountain Golf Course Clubhouse concept designs remained in the CIP account or were transferred to capital assets and not expensed as a prior period adjustment.
- \$120,268 for the Baseball fields was actually transferred TWICE to the capital asset accounts leaving a negative \$120,268 in the CIP account

Subsequent to the end of June 30, 2021 additional studies by me were completed on potential charge off of costs as prior period adjustments for the following projects: Water and Sewer Pump Stations, Wastewater Treatment Plant, Wetlands, Adjust facilities in NDOT right away, Burt Cedar water plant, Pond # 2 lining abandoned design and irrigation, tees, greens and bunkers at the two golf course. The extent of these required charge offs have not been quantified by IVGID Staff .

THIS NOCENSE MUST STOP AND BE CORRECTED. THESE CHARGE OFFS ALONG WITH OTHER CHARGE OFFS DISCOVERED OVER THE PAST SIX MONTHS WILL RESULT IN OVER \$7 MILLION DOLLARS OF PRIOR PERIOD ADJUSTMENTS WHICH IS MATERIAL AND THE 2021 ACFR MUST BE RESTATED TO PROPERLY REFLECT CAPITAL ASSETS AND EXPENSES.

Exhibit A - May 31, 2021 memo from Clifford F. Dobler to the Audit Committee and Indra Winquest and Paul Navazio.

EXHIBIT A

May 31, 2021

To: Audit Committee for meeting on June 9, 2021

CC: Indra Winqest, Paul Navazio

From: Clifford F. Dobler

Re: Reclassification of certain preliminary project costs which have been accounted for as construction in progress but must be expensed. The costs either have no future value because of abandonment or are considered expenses in accordance with the guidelines outlined in the Moss Adams final report dated 1/14/2021.

Background

In 2020, Moss Adams was engaged by the Audit Committee to review the capitalization policies and provide best practice accounting guidance. As outlined in the final report: "**Accepted practice includes recognition of the different stages of a project including preliminary, construction and post-construction. Preliminary stage activities include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies, and development of financing alternatives. Cost incurred in the preliminary stages are expensed as costs in this stage are not directly connected with creating service capacity of a particular asset.**"

Over several years, IVGID staff did not distinguish or establish separate accounts for the three phases of a project and only one project account was established. As such, ALL costs of a project were considered a future capital assets and were accounted initially in Construction in Progress and once the project was placed into service, ALL of the costs were transferred to a capital asset account and depreciated.

In the 2020 CAFR, IVGID management only expensed two projects which had preliminary stage activities. The expense was treated as a prior year adjustment (Note 22 of 2020 CAFR). The two projects were \$212,044 related to the development of a Parks Master Plan (Plan was actually called the Community Services Master Plan) and \$77,216 related to preliminary designs for the High School Ball Fields but stated in Note 22 of the 2020 CAFR as the Incline Village Ball field. It should be understood what the reason was for preliminary design of the High School Ball Fields.

IVGID management either overlooked or did not address expensing other preliminary stage activities on several projects and the costs remain in the Construction in Progress account as of June 30, 2020. A short description of the projects and estimated costs to be expensed are listed below:

Burnt Cedar Pool

In 2019, IVGID incurred **\$119,498** to repair waterlines at the Burnt Cedar Pool. Since a new pool has been started, these repairs have no future value, have been abandoned and must be expensed. See my memo to Audit Committee dated August 24, 2020.

In 2020 two contracts were awarded to TSK architects for conceptual design **(\$32,200)** and for schematic design **(\$68,104)** to develop a new swimming pool at Burnt Cedar Beach and the amounts should be expensed. In addition, all IVGID staff charges and third party cost estimates should also be expensed. A final design contract and a CMAR contract were approved by the Board of Trustees on December 9, 2020.

Utilities - WRRF Aeration System

In March 2018, a contract was issued to CH2M- Hill for conceptual design (\$40,000) for improvements to the WRRF Aeration System which should be expensed together with all related IVGID staff charges from March to December, 2018 when the final design for the project was authorized.

Utilities - Waterline Leak Study

In March 2019, a contract was issued to Pure Technologies for \$52,500 to provide a conditions assessment of a 4,200 foot long alternate water transmission line from Water Pump Station #2 to a water reservoir located on Lariat Circle. The line was taken offline in 2001 because of recurring leaks. The total costs of the assessment as of June 30, 2020 was \$78,506 which may have included IVGID staff time and other costs. These costs should be expensed.

Utilities - Effluent Pipeline Phase II

This project involves several items. In violation Board requirements to keep individual projects separate, the General Manager decided in 2018 that any costs associated on or for the effluent pipeline from the Wastewater Treatment Plant to the wetlands in the Carson city area would be reported within this project.

On January 29, 2020, IVGID Staff provided a presentation to the Board of Trustees which indicated the accumulated costs were \$5,146,100 through June 30, 2019, however the CIP report for the same date indicated only \$4,864,275 had been accumulated on the project. It is unknown what is the difference between the two reports. The requested reconciliation of the air pressure relief valves reported as \$643,400 but public records documented only \$567,409 and the difference has not been explained by Staff. A reconciliation of the meters and valves installed in three different areas and reported as \$86,500 in costs. However, public records documented only \$77,687 in costs and the difference has not been explained.

On 2/10/2021, the Audit Committee by a unanimous vote approved the Audit Committee Report to the Board of Trustees which included the recommendation to expense \$3,179,600 which was capitalized in fiscal year 2019 as "*Placed in Service*". Exhibit C of the Audit Committee report describes the items which should be expensed. According to minutes of the Board of Trustee meeting held on February 10, 2021, the Board of Trustees approved the Audit Committee recommendation.

It is recommended that all charges made to the Effluent Pipeline Phase II project be reviewed and separated into the various subprojects to provide an accurate accounting for capitalization and expenses. In the past, the Board of Trustees has recommended that individual projects be reported rather than "lumped" into one project.

Mountain Golf Course

In 2012/2014 contracts were issued to Global Golf Advisors and BRG Architecture for a facility assessment and future needs recommendations and to develop conceptual designs on 5 options for a new clubhouse. Costs incurred as of June 30, 2020 were \$132,203. These costs should be expensed as no recommendations were enacted.

In the summer of 2018, a fire occurred in the Clubhouse kitchen area. In November 2018, Smith Design was issued a design contract for the rehabilitation of the Clubhouse which included a large expansion of the deck area. The intent was to fast track the rehabilitation for completion prior to the opening of the golf course in May 2019. Subsequently it was determined that the

rehabilitation could not occur in time for the season and would be postponed until the season ended. In order to provide services, fire damage repairs were completed for temporary use during the 2019 season. The costs incurred was \$150,751 (may include the design fees of Smith which should not be expensed). An unknown portion of the temporary repairs were abandoned when the extensive rehabilitation started at the end of the 2019 season. Certain of the temporary repair costs should be expensed.

In 2020 a contract was issued to Lumos and Associates for schematic design (\$27,500) of the Mountain Golf Course cart path replacements which should be expensed together with all IVGID staff charges of \$18,500 from July, 2020 to February 2021 when final design was approved by the Board of Trustees.

Tennis Center

In 2015 and 2016, a contract and change order was issued to LLOYD Design for \$42,120 to evaluate the Tennis Center. This assessment should be expensed together with IVGID staff charges.

In 2018 a contract was issued to BJK Architecture and Engineering to develop conceptual design (\$26,501) for the rehabilitation of the Tennis Center. These costs should be expensed together with all IVGID staff charges from 2018 to the Board approval of the final design on 6/19/2019.

Incline Park - Ball fields

In July, 2017, a contract was issued to LPA Inc. for \$41,000 to develop conceptual design for improvements to the three ball fields at Incline Park. In December, 2017 a contract was issued to Lloyd Consulting Group, LLC for \$58,500 to provide engineering design services including a survey, site planning, schematic design, construction documents and permitting. In November, 2018 an additional contract for \$15,430 was issued to LLOYD to modify the design to lower the estimated costs. A project called Incline Park Improvements (#4378BD1801) was set up but a budget was never established. The total costs as of June 30, 2020 was \$120,268 which includes other unknown costs beyond the three contracts. Another project called Incline Park Facility Renovation (#4378LI1803) was established for construction of improvements to only one ball field. A review of both project accounts should be conducted as the total costs as of March 31, 2021 for the Park Facility Renovation is \$1,550,570 which is in excess of the Incline-Tahoe Foundation grant made to IVGID of \$1,328,001. The two Lloyd contracts mentioned above were for final design and subsequent modification. The actual payments made were \$75,458 (\$59,563 & \$15,430) and should be transferred from the Incline Park Improvements project to the Incline Park Facility Renovation project.

Incline Beach Building

In May 2016, a contract for design of the Incline Beach Building was issued to Bull, Stockwell and Allen for \$221,891. The contract consisted of two main phases 1) community outreach, program concepts, and schematic design for \$81,745 and 2) final design and construction documents. A large portion of the work was authorized based on the Beach Recreation Enhancement Opportunity Plan approved by the Board of Trustees in February 2016. After phase 1 of the contract was substantially completed, two cost estimates were conducted resulting in estimates between \$3.9 million and \$5.2 million which included site improvements never addressed in the design contract. More importantly the design was a replica of the building at Sand Harbor which is six times larger than the existing building at Incline Beach. Sand Harbor has between 800,000 to 1,000,000 visitors while Incline Beach has annual visits of about 130,000.

The total costs in the construction in progress account is \$216,131 which includes IVGID staff time, estimates and unknown other costs. The entire amount should be expensed as expenditures were for only the first phase of the contract.

Diamond Peak

In 2014, IVGID Board decided to develop a master plan for summer activities and expansion of the winter activities by issuing an assessment contract on 9/12/2014 (\$152,000) to the SE Group which was approved by the Board of Trustees in 2015. Accumulated costs through 6/30/2020 is \$156,030. This work was concept only, community steering and financial models which should all be expensed.

In October, 2015, the Board of Trustees approved expenditures to submit a plan for Phase 1a of the approved master plan to TRPA, USFS and Washoe county for environmental clearances. Contracts were issued in 2015 to SE Group for \$29,000 for permit submittals and in 2019 to Hauge Brueck Associates for \$32,800 to perform biological resources surveys of rare plants, California Spotted Owl and the Northern Goshawk required in advanced of environmental documentation. The submittals, if made, by the SE Group are almost six years old and are probably would need to be re submitted. Currently the Board of Trustees have removed Phase 1a and 1b of the master plan from the 5 year capital plan. With the Forest Service special use permit on 361 acres expiring on December 31, 2023 and the lack of interest in continuing the Phase 1a summer activities, these costs are conceptual submittals and should be expensed.

Conclusions and Recommendations

IVGID management has historically assigned only one project number for a future construction project. In order to avoid the consolidating costs, components two separates accounts should be established for each project. First an expense account which will include all concepts, community outreach, schematics designs, assessments, and financing options. After the Board of Trustees accept the inputs and accepts other conditions and decides to move forward with final plans then a CIP account should be established for the final design, construction and in house staff time to complete the project.

The Audit Committee recommends that IVGID Staff establishes separate accounts as prescribed in the Moss Adams report for the three main phases of a project. This should eliminate recording of expenses in the CIP accounts.