

MEMORANDUM

TO: Steven J. Pinkerton
General Manager

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

SUBJECT: Status Report for May 2016 – Finance/Accounting and Risk Management

DATE: June 14, 2016

Finance and Accounting

Audit for the Year Ending June 30, 2016 The auditor's have scheduled interim work in June and fieldwork in September. The staff is preparing worksheets and information for the fiscal close. The audit report will be assembled in October for delivery in November, and approval is expected in December. Work has begun on the new format to accommodate the accounting changes as of July 1, 2015.

Financial Transparency Website The Accounting staff posted the April monthly and the new year budget to opengov.com. At the urging of Trustee Horan, we have looked at several standard formats and ways to help users find the basic financial information without having to formulate filters or formats on their own. All of the CIP and budget data was refreshed several times ahead of each meeting. The packet as presented for May 18 was left as posted until we publish the final budget books later in June.

Development of a Popular Report Format A new format was developed for budget discussions to present both functional and object level information on the same page. We will continue to work on using a combination of charts and tables to provide a good overview in the final budget book, which has enough venue detail to apply to general use. The other format will be a work in progress.

Support for implementation of point of sales systems The accounting staff continues to work on ways to draw information from the new point of sale systems. Generally it worked well and we have learned some lessons that can be applied to next year. We have already started the process of working with RTP. Department staff has participated in planning for a new golf system later in the fall of 2016.

EMV Processing Equipment Project deferred to summer 2016 The delay on the point of sales systems has affected the EMV chip reader project. That project will be completed ahead of the ski season in 2016.

Capital and Operating Budgets for the Year Ending June 30, 2017 The process of input, review and analysis went through several more cycles during the month. The FINAL budget was adopted May 18. The form 4404LGF was filed with the state. The publication will be made by July 1. The budget included many enhancements to facilitate audit presentation of comparative results as of June 30, 2017. The intent is to improve user understanding of the District's finances.

The Capital Budget process included a final review of individual project data sheets and the five year summary. A comprehensive plan for Asset Replacement Funding includes using the Community Services Administration discretionary funding for resources across all categories of capital projects. Long term this will give the Community Services Fund the flexibility to deal with projects and grow into a stable process. The analysis of the Asset Replacement Funding will constantly reflect on planning inflows and outflows, as well at longer term needs for projects. The more we plan, the more we can also arrive at a predictable and sustainable funding model for capital projects.

A substantial effort went into predicting carryover capital improvement projects as they have to be re-budgeted for the General Fund, Community Services and Beach. The Utility Fund does not have to re-budget carryover projects as technically that item is a matter of cash flow, not a budgeted expenditure. Last year we learned a great deal about the challenge of setting a carryover with 3 months remaining in the fiscal year. We used those lessons this year, we learned to be more inquisitive and thorough in the analysis. As we went farther into this spring and started the TRPA construction season, we gained even more insights about how to estimate the last quarter of activity to aid in future budgeting. As we assemble the final fiscal year CIP Report, we will record several more unbudgeted projects that arose to care for systems.

The staff worked on testing our ability to monitor measure and report performance measurement factors. One area of emphasis will be relationship of depreciation and debt to total capital assets. For the new fiscal year, there will be historical references as well as projections for these particular measures.

The Nevada Department of Taxation has encouraged the use "Contingency" as allowed by the NRS in our annual budgets. Historically we have not done that. For 2015-2016 it appears we may need the appropriation for the boiler repairs for the Burnt Cedar Beach and legal expenses in the General Fund.

Consequence of the Diamond Peak Ski Resort increased revenue The success of entire season gave rise to added revenue and related cost increases. These led to preparing a budget augmentation that was approved April 27. District staff has continued to monitor the results of the year and evaluated our ability to predict scalable costs. We will continue to monitor these relationships as we get ready for a new round of budgeting for 2017-2018.

Risk Management and Safety Initiatives

ARC Flash Labeling

Staff is continuing the process by establishing a detailed inventory of each location and electrical panel condition. We are formulating the scope of the issues and the possible solutions. It is possible that we can handle much of the labeling ourselves with the purchase of a software calculation and labeling package. After looking at the preliminary results, we have decided to convene a group of managers from several venues to determine a priority for addressing our needs, and what if any may be a standard set for our actions. We have instituted a protocol for not working on any panel with live power.

Incline Fields Safety Fence

The Incline Fields retaining wall was completed in May. Our Engineering staff designed the solution. Other departments supported a vendor installation. We originally thought we'd need to consider using the Community Services contingency, however, we have identified several projects that will not take place this year and have fit this spending into the current capital budget.

Safety Training

Fleet staff is working with several departments, especially in Parks and Public Works to refresh training on major items of equipment. Staff is also doing spring training with golf and parks. The Safety Officer is doing inspections, including the beach. Fire inspections are scheduled for June.

Emergency Preparedness

We continue to work on the update to our Emergency Operations Plan. The Emergency Operations Center is now with Washoe County Sheriff and the Fire District. IVGID no longer hosts the operations center. However, the Recreation Center is the secondary evacuation location. We have taken a few steps to get the plan current and expect this to be completed and in place to practice with the August Safety Week. Part of this process will be coordinated with Fire Chief Ryan Summers. During May, the Senior Team began the work on an Emergency Response Team for the District's own venues.

We are also working with Washoe County Health Dept. and the Incline Village Community Hospital to assess our role or assistance under their Plan of Distribution in case there is a health event requiring a response such as a mass inoculation. Other agencies take the lead, but the District might be asked to provide facilities for distribution.

Insurance Program for 2016-2017

Considerable effort went into following up from the April Annual meeting for the Insurance POOL. Part of that was participation on POOL committees. The Executive Committee approved two additions to coverage including Environmental Liability and expanded earthquake protection. These were made available as a service to all members without additional cost.

The District's broker was able to get very competitive quotes from another carrier for the ski resort. This carrier had our coverage until some 8 years ago and wanted to return as a provider. The broker carefully reviewed their proposal and recommended the change, which saved the District a sharp increase that was proposed by our current carrier.

Evaluation of the Security Services Contract Expiring June 30, 2017

Over the last few months we have been evaluating the scope of security services utilized across the venues. At one point a new contract was considered. However, we have concluded to complete the current agreement which is approved through June 30, 2017. However, a group of managers will be meeting to re-evaluate the current service needs and requests, apply a value analysis, consider alternatives and then draw up a scope of work. This scope will be used to issue a request for information from potential providers. Since the security service is considered a professional service, licensed by the State of Nevada, we are not required to bid it. However, staff sees benefits in having an element of competitive evaluation of providers and methods. This will be done before moving into an agreement for 2017. The scope has not changed substantially since 2002. It makes sense to reconsider what we are doing and if technology would affect our requests in the years to come. The agreements typically cover multiple years, and at a minimum may need an element of flexibility as technology and methods for security monitoring and response changes as well.