<table>
<thead>
<tr>
<th>NUMBER</th>
<th>PRACTICES</th>
<th>AGENDA DATES</th>
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<tr>
<td>2.9.0</td>
<td>Capitalization of Fixed Assets</td>
<td>05/18/2016 (Eff 07/01/2016), 11/14/2007</td>
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<td>2.11.0</td>
<td>Investment Management</td>
<td>11/14/2007</td>
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<tr>
<td>13.2.0</td>
<td>Capital Expenditures</td>
<td>(effective 7/1/2015)</td>
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<tr>
<td>14.2.0</td>
<td>Debt Service Payment Settlement</td>
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<td>14.2.1</td>
<td>Debt Issuance Limitations</td>
<td>05/18/2016 (Eff 07/01/2016), 4/29/2009</td>
</tr>
<tr>
<td>18.2.0</td>
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<td>2/29/2012</td>
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RELEVANT POLICIES: 8.1.0 Establishing the Estimated Useful Lives of Capital Assets and 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets

1.0 ACCOUNTING CONTROL

The capitalization threshold for all asset classes shall be identified during the budget process each fiscal year by the Finance and Accounting staff and approved by the Board of Trustees as part of the adoption of the annual Debt Management Policy, including the Five Year Capital Improvement Plan and its statement on Minimum level of expenditure.

1.1 The capitalization threshold per item shall be:

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>MINIMUM COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$ 5,000.00</td>
</tr>
<tr>
<td>Structures and Land Improvements</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>

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

1.2.1 The normal useful life of the item is three or more years.

1.2.2 The item has an acquisition cost (including freight and installation) of at least the amounts listed above in each asset class.

1.2.3 The item will not be substantially reduced in value by immediate use.

1.2.4 In case of repair or refurbishment that will be capitalized, 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.
Accounting, Auditing and Financial Reporting
Capitalization of Fixed Assets
Practice 2.9.0

1.2.5 The capitalization threshold is applied to individual items rather than to groups of similar items (e.g. desks and tables).

1.2.6 The utilization of componentization of assets under the project, to provide a more appropriate management of an assets care, condition and associate maintenance or replacement, takes precedent over the stated thresholds under section 1.1.

2.0 **PHYSICAL CONTROL**

All fixed assets acquired either as operating or capital expenditures will be identified as IVGID property and recorded. Such items represent a value to the operations that have an ongoing usefulness to justify safeguarding them from loss or abuse. The items should be expected to be in service at least two years and can be readily assigned to a function or activity as responsible for its care and condition.
Cash Management
Investment Management
Practice 2.11.0

RELEVANT POLICIES: 1.10.0 Use of Local Government Investment Pools and 1.11.0 Investment Management

PRACTICE. It is the practice of the Incline Village General Improvement District, hereinafter referred to as the District, 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.

1.0 SCOPE

This practice shall apply to all financial assets under the District's control or in its custody as accounted for in the District's financial accounting records and reported in its periodic financial statements. These funds include financial assets held in the following fiscal entities:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>District Fund Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>General Fund</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Utility Fund</td>
</tr>
<tr>
<td>Capital Improvement</td>
<td>Community Services Fund</td>
</tr>
<tr>
<td>Internal Service</td>
<td>Fleet and Maintenance Fund</td>
</tr>
<tr>
<td></td>
<td>Workers Compensation Fund</td>
</tr>
<tr>
<td>Special Assessment</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>-</td>
</tr>
</tbody>
</table>

All other funds, unless specifically excluded from this practice by Board of Trustees resolution.

2.0 PRUDENCE

The District intends to utilize standards established by the Uniform Prudent Investors Act. The Act has been adopted by the State of Nevada. The standard of care; portfolio strategy; risk and return objectives from the Act consider:

Revised 11.6.07
Cash Management
Investment Management
Practice 2.11.0

2.1 The District shall invest and manage its assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the District. In satisfying this standard, the District shall exercise reasonable care, skill, and caution.

2.2 The District's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the District's portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the District's purposes.

2.3 Among circumstances that the District shall consider in investing and managing its assets are such of the following as are relevant:

2.3.1 general economic conditions;
2.3.2 the possible effect of inflation or deflation;
2.3.3 the expected tax consequences of investment decisions or strategies;
2.3.4 the role that each investment or course of action plays within the overall investment portfolio
2.3.5 the expected total return from income and the appreciation of capital;
2.3.6 other resources of the District
2.3.7 needs for liquidity, regularity of income, and preservation or appreciation of capital; and
2.3.8 an asset's special relationship or special value, if any, to the purposes of the District

2.4 The District shall make a reasonable effort to verify facts relevant to the investment and management of its assets.

2.5 The District may invest in any kind of property or type of investment consistent with the standards of this Practice.

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3.0 FINANCIAL OBJECTIVES AND CONSTRAINTS

The District's primary investment objective is to obtain the maximum investment return in light of the following constraints:

3.1 Safety. Safety of principal is the foremost constraint of the District's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

3.2 Risk. To minimize the risk associated with any one security, diversification is required to ensure that the potential (or actual) losses on individual securities do not exceed the total return generated from the remainder of the portfolio.

3.3 Liquidity. The District's portfolio shall remain sufficiently liquid - in terms of cash and near-term maturities of non-cash assets - to enable it to meet all operating requirements, and near term capital investment requirements, which are planned or which might be reasonably anticipated.

3.4 Cash Flow Requirements. The size and composition (maturity, security type, etc.) of the District's portfolio(s) shall be determined so as to provide funds to meet the District's projected cash consumption requirements, over time.

3.5 Statutes and Regulations. At all times, the District's investments shall be restricted to those specifically identified within Nevada Revised Statutes (NRS) Chapter 355.170, as amended from time to time, and any other statutes or regulations which may be promulgated by the State of Nevada or the United States Government.

4.0 DELEGATION OF AUTHORITY

Authority to manage the District's investment program is derived from the NRS Chapter 355.175, wherein the District's governing body may appoint an
Cash Management
Investment Management
Practice 2.11.0

Investment Officer to handle the day-to-day administration of the program. The
Board of Trustees hereby expressly delegate Investment Officer responsibilities
to the Director of Finance, Accounting and Information Technology or to the
General Manager in the Director's absence.

This practice further requires that the Investment Officer shall establish written
procedures for the operation of the program, consistent with this and other
provisions of this investment policy. Such procedures shall include explicit
delegation of authority to persons responsible for executing investment
transactions, if other than the Investment Officer. No person shall engage in an
investment transaction except as provided within this practice or the written
procedures. The Investment Officer shall be responsible for all transactions
undertaken and shall establish a system of controls to regulate the activities of
subordinate officials or third-party agents who assist in the investment program.

5.0 PORTFOLIO MANAGEMENT

The Investment Officer or their designee will routinely and continuously monitor
the financial markets, the performance of the District's portfolio securities and
competing securities instruments and adjust the District's portfolio, so as to
accomplish the aforementioned investment objectives.

This portfolio management function may, subject to the District's Board of
Trustees approval, be contracted out to one or more professional investment
managers, knowledgeable in the markets, investment instruments and the
District's unique constraints and investment needs. The investment manager(s)
shall exercise discretion in its (their) decision-making with respect to portfolio
transactions to the extent allowed within the constraints of this policy, unless
specifically restricted in writing by the District's Board of Trustees.

Additionally, with respect to decisions which adversely impact the short-term
performance of District portfolios, as in the instance where individual securities
are liquidated at a loss in order to reposition the portfolio to maximize
anticipated future returns, managers must first obtain the Investment Officer's
concurrence prior to executing transactions which will result in losses which
exceed 5% of an individual security's value or which will exceed, when
aggregated, 2% of the value of the overall portfolio under management.

Revised 11.6.07
6.0 ETHICS AND CONFLICTS OF INTEREST

Officers, employees and agents involved in the investment process shall refrain from personal business activity that could conflict, or might appear to conflict, with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. All such individuals or firms shall disclose any material financial interests in financial institutions that conduct business with the District, and they shall further disclose any large personal financial/investment positions, if any, that could be related to the performance of the District's portfolio. Officers, employees and agents shall subordinate their personal investment transactions to those of the District's, particularly with regard to the timing of purchases and sales.

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Investment Officer will maintain a list of financial institutions authorized to provide investment services. Additionally, a list of competent security broker/dealers shall be maintained. These may be primary dealers or regional dealers who qualify under Securities and Exchange Commission (SEC) Rule 15C3-1, Uniform Net Capital Rule. No public deposit shall be made except in a qualified public depository as established under NRS Chapter 356.

All financial institutions and broker/dealers who wish to become qualified for investment transactions must supply the Investment Officer with the following information, in order to demonstrate their economic viability: audited financial statements, proof of National Association of Securities Dealers certification, proof of state registration and certification of understanding and professed adherence to this Investment Management Practice in executing transactions.

The District will, at its option, establish relationships with one or more institutions or broker/dealers and its Investment Officer shall, at least annually, review the financial condition, registrations/certifications status and general performance of selected institutions or broker/dealers.
8.0 AUTHORIZED INVESTMENTS

The instruments which the District is authorized to hold are prescribed in NRS Chapter 355.170, as revised from time to time.

9.0 COLLATERALIZATION

Collateralization will be required on deposit-type securities - e.g., certificates of deposit and repurchase agreements - for deposits which exceed the insured limits of the securities under Federal Deposit Insurance Corporation (FDIC), Federal Saving and Loan Insurance Corporation (FSLIC), or other, successor federal deposit insurance program. Collateral will be limited to obligations of the United States and the State of Nevada and must, at all times, have a fair market value equal to or greater than the fair market value of the collateralized deposits. All other securities shall be collateralized by the actual security held in safekeeping by the appointed custodian.

10.0 SAFEKEEPING AND CUSTODY

All securities purchased by or on behalf of the District, excepting securities subject to repurchase by the seller, and all securities pledged as collateral pursuant to section 9.0, above, must be physically held by the District or its appointed custodian meeting the requirements of NRS 355.172, who shall hold the securities in trust for the District.

Securities subject to repurchase by the seller may, in lieu of the requirement for possession, be evidenced by a fully perfected, first-priority security interest in those securities, held and acknowledged by the third party custodian. Securities so purchased must, at the time of purchase by the District, have a fair market value equal to or greater than the repurchase price of the securities.

11.0 DIVERSIFICATION

The District will diversify its portfolio by security type, maturity and issuing institution. Asset allocation guidelines, as deemed necessary from time to time, shall be prescribed by the District's Board of Trustees. Such asset allocation
Cash Management
Investment Management
Practice 2.11.0

guidelines (maximum maturities) will be in writing and will become an integral part of this policy.

12.0 MAXIMUM MATURITIES

To the extent possible, the maturities of securities held within District portfolios shall be closely matched to the District's cash flow requirements for 1) day-to-day operations, 2) planned capital projects, 3) unknown future contingencies, and known or stated reserves.

In no event shall the District hold securities with maturities which exceed ten years, this being the maximum maturity allowed the District under NRS Chapter 355.170. Investments will be allocated to maturities that match the stated needs for which the District has established the Fund or account.

13.0 INTERNAL CONTROL

The Investment Officer shall establish a system of written internal controls which shall be reviewed for adequacy, annually, by the District's external auditors. The controls shall be designed to prevent loss of public funds arising from fraud or abuse, employee error, misrepresentation by third parties, or imprudent actions by officers, employees or agents of the District.

14.0 PERFORMANCE BENCHMARK STANDARDS

Theoretically, the District's investment portfolio would have a simple average maturity of less than five years. As a practical matter, the average maturity of the portfolio will vary as economic conditions change and will be dependent upon market factors and the actual investment strategy selected. Accordingly, for purposes of measuring and comparing returns among investments, the performance of District portfolio(s) shall be measured against the 1 year or less, 1-3 year, 1-5 year, and 1-10 year U.S. Government Treasury Indices.

15.0 REPORTING

The Investment Officer shall prepare a quarterly report of investment activity that will be made available to the Board of Trustees within thirty days of the

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Cash Management
Investment Management
Practice 2.11.0

close of the calendar quarter. The report will include sufficient content to indicate how the District’s investments are being managed to meet the objectives of safety, risk, liquidity, cash flow and regulations. The report shall contain a measure of the portfolio's return for the quarter, and when annualized shall compare its actual performance with the aforementioned benchmarks.

At least once annually, and not later than sixty days after the close of the fiscal year, the Investment Officer shall present a comprehensive report summarizing the investment program’s performance during the preceding twelve month period. This report shall contain, at a minimum, the same information required in the quarterly reports but, also, shall indicate areas of concern with respect to policy and strategy matters and shall recommend appropriate corrective action.

Additionally, at least quarterly, the Investment Officer shall prepare a projection of cash flows for the succeeding five year investment period. Estimates for the first two years of the investment period shall be on a quarterly basis, while estimates for the remaining periods may be on an annual basis. This cash flow projection shall serve as the basis for adjustments to asset allocations among and between the investment maturities.

16.0 INVESTMENT POLICY ADOPTION

This investment policy shall be adopted by motion of the District’s Board of Trustees. It shall be reviewed at least annually and any modifications made hereto must be approved by the District’s Board of Trustees.
Budgeting and Fiscal Management
Appropriate Level of Fund Balance
Practice 7.2.0

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

PRACTICE. It is the practice of the Incline Village General Improvement District, hereinafter referred to as the District, to maintain Fund Balance in the General Fund and each governmental or proprietary fund type 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.

1.0 SCOPE

This Practice shall apply accounting principals as forth in Governmental Accounting Standards Board (GASB) Statement 54 considering the unique characteristics of the District. To that end the following measurements will apply to each fund or type:

General Fund

The General Fund must meet the minimum balance requirements under Nevada Administrative Code Section 354.650.

Special Revenue Funds

Community Services; 25% of a fiscal years’ operating expenditures (based on the current adopted budget) other than capital expenditure and debt service.

Beach Enterprise; 25% of a fiscal year’s operating expenditures (based on the current adopted budget) other than capital expenditure and debt service.

Proprietary Fund Types:

Measurements of target fund balances:
Budgeting and Fiscal Management
Appropriate Level of Fund Balance
Practice 7.2.0

Utilities.................................Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
**

Internal Services.......................Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
**

Workers Compensation..............An amount equal to the State of Nevada required deposit, plus sufficient resources to cover the last determined open exposure for prior claims, if not covered by purchased insurance or a termination insurance policy.

** Operating expenses for these calculations do not include depreciation or interest expense since they are covered by separate definitions.

2.0 Definition of Stabilization Arrangement

In conformity with GASB Statement 54, the District may establish a stabilization arrangement only when it includes:

2.0.1 Recognition of the authority by which the arrangement is established including resolution, ordinance or other action.

2.0.2 When to make additions to the stabilization amount

2.0.3 When stabilization amounts can be spent

2.0.4 That a balance will be reported at each fiscal year end.

3.0 Other Classifications

The District will apply other classifications and accounting standards under GASB 54 including the use of Nonspendable, Restricted, Committed, Assigned, Unassigned and Unrestricted when presenting either a Statement of Net Position or other forms of fund balance in its financial reports.
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

1.0 AUTHORITY

Decision-making responsibilities and duties on capital projects shall be allocated by the General Manager to specific members of the IVGID staff as provided herein. The staff member so assigned may delegate “duties” to another, but shall remain “responsible” for their actions pertaining to the project.

A Project Manager will usually be a representative of the IVGID department which will acquire or construct the project. The Project Manager may seek the input or assistance of a representative of the IVGID department that will utilize the capital asset. A planner, analyst, designer, or construction representative usually reports to the Project Manager as an employee or through a contract for services.

2.0 CAPITAL PROJECT FINANCING RESOURCES

Financial management of capital projects is controlled through a system including the Multi-Year Capital Improvement Plan and each fiscal year’s Capital Improvement Project Budget. The ability to pay for the costs of a project will be based on identifiable and predictable financing resources at the time of acquisition.

2.1 Establishment. A capital project’s financing resources may be established by action of the Board of Trustees by the adoption of a Capital Project Report. Financing resources may be established for each fund; for each program; or for each project or group of projects. The preference is on each project to facilitate calculating the affects of each project on the Multi-Year Capital Improvement Plan.

2.2 Status. All financing resources identified and received for a Capital Improvement Project shall be held in cash or
investments and shall constitute an element of fund balance or net position until expended or released by an action of the Board of Trustees.

2.3 **Interest.** Investment earnings on a project’s financing resources shall accrue to the project to the extent they were included in the Capital Improvement Project Data Sheet or are deemed needed for possible project cost adjustments. In any project where part of the financing resources came from bond proceeds, the investment earnings must be attached to the project in order to determine and comply with IRS arbitrage regulations.

2.4 **Expenditures.** Funds identified as financing resources may only be expended by action of the Board of Trustees according to the District’s Capital Improvement Project Budget. Projects carrying over from one fiscal year to another are expected to be identified during each budget process to extend spending authority and facilitate completion of the construction or acquisition of the capital assets. The General Manager has the authority to redirect the design or specifications affecting up to an aggregate of $50,000 if it does not exceed the total approved cost of the project.

2.5 **Exclusivity.** All financing resources identified for a project, are considered exclusively for expenditures related to that project. No expenditures or obligations shall be made related to that project which cumulatively exceeds the available balance in identifiable and predictable financing resources.

2.6 **Changes.** The amount of funds in identifiable and predictable financing resources may be increased or decreased by action of the Board of Trustees, provided that no decrease shall occur which causes the unexpended financing resources for any project to fall below the cumulative total of obligations outstanding pertaining to the project.
2.7 **Close-out.** Upon completion or termination of a project, the unexpended financing resources for that project may be closed out by the General Manager, except when a previous action by the Board of Trustees, designates where the unexpended amount, if any, shall be transferred.

3.0 **PROJECT LIFE CYCLE**

Projects shall be managed in relation to the following typical project life cycle:

3.1 **Definition.** The process of developing a document which describes a specific project, in terms of location, function, cost, and other parameters. Approval of a Capital Project Data Sheet means the project has been "defined."

3.2 **Planning.** The process of developing documents which identify the location and function of projects, in relation to other projects and existing facilities. Approval of a project plan document within an approved Capital Project Summary means the project has been “planned.”

3.3 **Feasibility.** The process of analyzing the practicality of a project, in terms of capital financing and cost, operating revenue and cost, environmental and permit conditions, and other factors. Acceptance information stated on the Capital Project Data Sheet as a feasibility report, means the project has been “justified.”

3.4 **Scheduling.** The process of developing an outline identifying the cost, timing and financing of the capital project. All capital project expenditures shall be evaluated through a Multi-Year Capital Improvement Plan and authorized for expenditure through a specific fiscal year’s Capital Improvement Plan Budget. Inclusion of a project within an approved Multi-Year Capital Improvement Plan means the project has been “scheduled.”
3.5 **Funding** Identified. The process by which funds are identified, as either planned or set aside to underwrite capital costs. Identification of predictable financing resources for inclusion of a project in a specific fiscal year's Capital Improvement Plan Budget means the project has been “funded.”

3.6 **Design/Specification.** The process of determining the size, specifications, acquisition/construction methods, and other factors prerequisite to construction or acquisition, including the selection of the designers. Approval of final design means the project has been "designed.”

3.7 **Construction/Acquisition.** The process entails constructing or acquiring a project’s assets, including the selection of contractors or vendors. Approval of final payment means the project has been “completed.”

3.8 **Requirements.** All projects may not be subject to all phases, or be phased in the same order. However, all capital projects shall be defined. All capital projects shall be scheduled and have funding identified, prior to design/specification. All construction projects shall be planned. All construction projects shall be justified, prior to design/specification.

### 3.8.1.0 Definition

**3.8.1.1 Trustees Responsibility:** Relate District needs identified through the Strategic Plan to capital projects placed on the Multi-Year Capital Improvement Plan. **Duties:** Consider project definitions as part of Capital Improvement Project Budget submittal.

**3.8.1.2 General Manager Responsibility:** Ensure capital projects developed for consideration by the Board of Trustees relate to strategies and actions
developed under the District’s Strategic Planning Process. **Duties:** Approve capital project definitions.

### 3.8.1.3 Staff Duties
Prepare an accurate and up to date Capital Project Data Sheet, containing statement of project cost, schedule, location, financing, and other factors.

### 3.8.2.0 Planning

#### 3.8.2.1 Trustees Responsibility
Ensure adequate planning basis for capital improvement projects. **Duties:** Define general goals, constraints, and directions. Award and execute planning contracts according to Nevada Revised Statutes. Establish public input process. Review and approve final plan.

#### 3.8.2.2 General Manager. Responsibility
Ensure all issues are addressed and plans are coordinated with the Multi-Year Capital Improvement Plan. **Duties:** Review and approve planning scope. Approve requests for proposals on consulting contracts. Approve planning methods and planning team. Provide guidance to Project Manager during planning.

#### 3.8.2.3 Project Manager. Responsibility
Administration, quality and accuracy. **Duties:** Define specific objectives, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for planning team. Prepare planning contracts. Recommend approval for and executing planning contracts. Coordinate project with, public, staff, and General Manager. Review and approve progress reports, make substantive and procedural decisions during planning process, and
recommend preferred alternatives and final plans to the General Manager and Board of Trustees.

3.8.2.4 Engineering and Staff. Duties: Provide input to planning scope, methods, analysis, conclusions, and recommendations.

3.8.2.5 Planner Duties: Conduct analysis and produce planning documents and reports, for review by Project Manager.

3.8.3.0 Feasibility

3.8.3.1 Trustees. Responsibility: Ensure feasibility of capital improvement projects prior to design and construction. Duties: Determine when feasibility studies are required. Identify issues to be addressed. Award and execute consulting contracts according to Nevada Revised Statutes. Review and accept the final “Capital Improvement Project Budget” as a basis for decision-making.

3.8.3.2 General Manager. Responsibility: Ensure critical issues are addressed and conservative approach to feasibility is applied. Duties: Review and approve study scope. Approve requests for proposals on consulting contracts. Approve study methods and team. Provide guidance to the Project Manager during study.

3.8.3.3 Project Manager. Responsibility: Administration, quality and accuracy. Duties: Define specific concerns, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for study team. Prepare study contracts. Recommend award and execute study contract. Coordinate project with, staff and General
Manager. Review and approve progress reports, make substantive and procedural decisions during study process, and approve conclusions and recommendations.

3.8.3.4 Finance, Engineering, and Staff. Duties: Provide input to study contract, scope, methods, analysis, conclusions, and recommendations.

3.8.3.5 Analyst. Duties: Conduct analysis and produce study documents and reports for review by the Project Manager.

3.8.4.0 Scheduling

3.8.4.1 Trustees. Responsibility: Prioritization and prudent investment of capital assets. Duties: Review and approve Multi-Year Capital Improvement Plan considering financing programs, priorities and needs and validity to proceed as scheduled. Approve project amendments and substitutions according to District purchasing policies.

3.8.4.2 General Manager. Responsibility: Validate scheduling in terms of sound financial planning and the ability to construct or acquire the capital assets. Duties: Review, revise and recommend capital improvement projects to the Board of Trustees.

3.8.4.3 Engineering Staff. Responsibility: Accuracy of cost projections and coordination of project scheduling. Duties: Identify capital project scheduling issues correlated to timing of expenditures and acquisition of the capital assets. Coordinate input of operating staff receiving the capital asset.
3.8.4.4 Finance Staff Responsibility: Adequacy of identifiable and predictable financing resources to meet the timing of expenditures. Duties: Analyze alternative financing schemes and prepare capital financing program coordinated with appropriate Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

3.8.5.0 Funding

3.8.5.1 Trustees. Responsibility: Adequate identifiable and predictable financial resources exist for the project prior to the approval to proceed. Duties: Establish appropriate identifiable predictable financing resources are available. Increase and decrease funding level.

3.8.5.2 General Manager Responsibility: Approve recommendations for project to proceed and increases in project financing resources beyond levels identified in Capital Project Report, prior to submitted to Board. Duties: Review updated financial analysis for the capital project with Finance Staff for adequate financing resources and cash flows. Approve close-out upon project termination or completion.

3.8.5.3 Project Manager. Responsibility: Accuracy. Duties: Assemble and update project cost estimates.

3.8.5.4 Finance Staff. Responsibility: Administration of project finances. Duties: Produce periodic report on capital project financing resources, obligations and expenditures. Recommend periodic action to establish, increase, decrease, and close out
financing resources. Consider the current affects of projects on the Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

3.8.5.5 Engineering Staff. Duties: Coordinate estimates of project cost for periodic funding report.

3.8.6.0 Design/Specification

3.8.6.1 Trustees. Responsibility: General oversight of project design and specifications. Duties: Award and execute design contract according to Nevada Revised Statutes. Review and accept regulatory permit conditions on construction projects, if $50,000 or more.

3.8.6.2 General Manager. Responsibilities: Ensure design and specifications correlate to defined capital project. Duties: Approve design methods and team. Provide guidance to Project Manager during design. Review and approve final design/specification reports on projects. Review and accept regulatory permit conditions.

3.8.6.3 Project Manager. Responsibility: Administration, detailed oversight and design functionality. Duties: Prepare scope of services and requests for proposals for design services. Administer selection process for design team. Prepare design contracts. Recommend for award and execute design contracts. Assemble cost estimates; prepare project budget and budget revisions. Prepare project schedule and schedule revisions. Approve project budget and budget revisions. Approve project schedule and schedule revisions. Establish, execute, and administer arrangements for surveys, analysis, environmental
studies, and other forms of technical support. Supervise designers. Establish functional and performance requirements. Coordinate activities of designers with the balance of the technical team, and operating staff. Present major design alternatives and issues. Provide direction to on major design alternatives and issues. Review and approve ongoing design reports and documents. Sign all regulatory permits and permit applications. Review, approve, and correct ongoing design reports and documents, including all technical specifications. Prepare construction contract forms. Assemble and submit regulatory permit applications and coordinate regulatory process. Approve all requests for payment.

3.8.6.4 Designer Duties: Analysis of design alternatives. Preparation of plans and specifications. Preparation of support material for permit applications, and other contract documents. Coordination of various members of the design team. Preparation of cost estimates.

3.8.7.0 Construction/Acquisition

3.8.7.1 Trustees. Responsibility: General oversight of contract awards, major payments and acceptance of capital assets constructed or acquired. Duties: Award and execute construction/acquisition contract according to Nevada Revised Statutes. Approve change orders cumulatively exceeding 10% of construction contract or $50,000, whichever is the greater.

3.8.7.2 General Manager. Responsibility: Ensure contracts and requests for payments submitted to the Board of Trustees for approval meet the
requirements outlined in the Capital Improvement Project Budget. **Duties:** Approve change orders cumulatively not exceeding 10% of construction contract or $50,000. Upon substantial completion, approve release of retention for Construction projects.

3.8.7.3 **Project Manager Responsibility:** Detailed oversight. **Duties:** Recommend award and execute construction/acquisition contracts. Recommend approval of change orders. Recommend release of retention to General Manager and Board of Trustees. Recommend approval of the final payment. Administer bid process. Recommend contract award. Coordinate final contract preparation, including insurance, bonding, and certificates. Establish, administer and execute arrangements for inspection and testing. Supervise construction representatives. Review all inspection, testing and construction observation reports. Serve as District's representative to contractor and regulatory agencies. Approve all shop drawings. Approve requests for equals. Approve all certificates for payment. Update construction schedule.

3.8.7.4 **Construction Representative. Duties:** Observe construction and testing. Prepare construction observation reports. Advise Project Manager of deficiencies when noted. Notify Project Manager of deviations from plans and specifications. Prepare and execute notice to proceed.
Debt Management
Debt Service Payment Settlement
Practice 14.2.0

RELEVANT POLICIES: 11.1.0 Investment Management and 14.1.0 Debt Management and Limits

To ensure that debt principal and interest payments are made on a timely and cost effective basis, the District will manage debt service as follows:

1.0 The District will ensure that all parties responsible for making debt service payments fulfill their fiduciary and operational responsibilities. The negotiation of contract terms should serve the District, the trustee/fiscal agent/paying agent and the bondholders and include:

   1.1 requirements for timely payment of all funds on the due date;
   1.2 full utilization of funds by the District until the due date;
   1.3 requirement for use of electronic fund transfer throughout the payment process; and
   1.4 requirements that all parties execute transactions in the most cost efficient and effective manner.

2.0 The District will ensure that appropriate contractual terms and internal procedures are in place. The District will negotiate terms allowing for full investment of funds by the District until the payment due date by utilizing electronic fund transfer.

3.0 The District will require that trustees/fiscal agents/paying agents invoice the District for debt service payments a minimum of 30 days prior to the due date.

4.0 The District will use electronic fund transfer to assure transfer to the trustee/fiscal agent/paying agent on the payment date. If payment must be made by check, the District will ensure paying the check no more than five (5) days prior to the payment date through a guaranteed delivery service.

5.0 The District will ensure that all parties to the transaction (internal and external) are kept informed of the procedures established.
Debt Management
Debt Issuance Limitations
Practice 14.2.1

RELEVANT POLICIES: 11.1.0 Investment Management and 14.1.0 Debt Management and Limits

To ensure that debt, through the issuance of bonds or other long term indebtedness, is limited to appropriate levels, the District will manage outstanding bonds and installment purchase obligations through a measure of affordability as follows:

1.0 The District will ensure that all bonded indebtedness is analyzed and validated by comparing the consequences of the debt issuance against the District’s Debt Coverage Ratio. 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.

Under this Practice, “utility” purposes are those related to only water and sewer functions. The Debt Service Coverage Ratio will be determined by dividing the operating or other available revenues less operating expenses other than depreciation and interest by the annual principal and interest payments. The ratio will be stated in the number of times the net revenue covers the annual debt service. The process of analysis and validation will consider the projected amounts for each year the issue will be outstanding. An acceptable result will include meeting the standard on average over the life of the issue in question. However, the coverage ratio in any one year cannot go below 1.0.

2.0 The District will consider issuing a bond for any non-“utility” project or group of projects, when that totals more than $2,500,000 and can be repaid within 10 years of issuance. The District will consider issuing a bond for a period longer than 10 years when it is necessary for the economic feasibility of the project.

3.0 The District will consider issuing a bond for any “utility” project or group of projects, when that totals more than $2,500,000 and can be repaid within 20 years of the completion of the project acquisition or construction. The additional time allowed is in recognition of that
Debt Management
Debt Issuance Limitations
Practice 14.2.1

maturity under the Nevada State Revolving Fund Loan Program. Shorter maturities are preferred whenever feasible.

4.0 The effective limitation on the total of bonds outstanding at a given point of time is expected to be a function of the feasibility in the marketplace for a proposed issue, combined with the District existing Bond Rating, the financial projections of the District and the ability to sell bonds within the projected parameters.

5.0 Consideration of the use of installment purchase obligations will be conducted according to Nevada Revised Statutes. This form of financing is also referred to as municipal leasing, can be considered for a project or group of projects when that totals more than $250,000 and can be repaid within 10 years of issuance (in effect requiring the obligation to comply with Medium Term Financing guidelines).

6.0 This Practice is expected to be reviewed and updated from time to time to validate the coverage ratio and the dollar and maturity limits used to establish acceptance for issuance of bonded indebtedness. That review should occur in conjunction with the adoption of the Debt Management Policy.
RELEVANT POLICY: 18.1.0 Adoption of Central Service Cost Allocation Plan

1.0 COSTS ALLOWED

1.0.1 Costs will be determined in accordance with generally accepted accounting principles and approved by the Board of Trustees as part of the annual budget process, including any budget augmentation.

1.0.2 Costs incurred by a department, division or Fund specifically associated with their activities and operation will be Direct Costs to those departments, divisions or Funds.

1.0.3 Costs incurred for a common or joint purpose, benefitting more than one objective, will be considered Indirect Costs. These Indirect Costs must be necessary and reasonable for proper and efficient performance and administration.

1.0.4 Costs incurred may include, without limitation:

- 1.0.4.1 Legislative costs for the Board of Trustees
- 1.0.4.2 Legal Costs
- 1.0.4.3 General Administration
- 1.0.4.4 Emergency Services
- 1.0.4.5 Public Relations
- 1.0.4.6 Property Management
- 1.0.4.7 Grants Management
- 1.0.4.8 Contract, Procurement and Accounts Payable
- 1.0.4.9 Grounds and Building Maintenance
- 1.0.4.10 Budgeting, Accounting, Payroll and Audit
- 1.0.4.11 Human Resources and Risk Management
- 1.0.4.12 Information Technology and Communications
- 1.0.4.13 Warehouse and Storage
Budgeting and Fiscal Management
Central Service Cost Allocation Plan
Practice 18.2.0

1.0.5 Applicable Credits

1.0.5.1 Applicable Credits will reduce the total costs allowed, when the credit relates directly to a transaction included in total costs.

1.0.6 Costs allowed should be deemed reasonable, ordinary and necessary for the operation of an Enterprise Fund.

2.0 ALLOCATION METHOD

2.0.1 The District’s Proprietary Funds include both Enterprise and Internal Service Funds. The Internal Service Funds have and will continue to develop specific billing rates for services based on individual units of service to each department, division or Fund. Enterprise Funds will be billed an annual allocation of Indirect Costs Allowed, net of applicable credits, as evidenced by the adopted budget. The General Fund and Internal Service Funds be allocated a portion of these costs, but will not be billed, as it would only add a layer to recalculating their related rates and charges to the other funds.

2.0.2 The proportion of the allocation will be based on budget data in the form of statistics or amounts.

2.0.3 The basis of the allocation will be scheduled in support of current rates and be presented to the Board of Trustees in conjunction with establishing the Operating Budget for each fiscal year.

2.0.4 The Allocation Method for each Cost will be appropriate in relation to the cost’s objective or measurement.
3.0 BILLING RATES

3.0.1 Monthly billings will be recorded and paid from the Enterprise Funds to the General Fund, based on a total as adopted with the District’s Annual Operating Budget, including any Board approved amendments or budget augmentation.

3.0.2 The June billing each year, may be adjusted such that the total charges to the Enterprise Funds, for the fiscal year ending that respective June, does not exceed the actual allowed incurred costs net of actual applicable credits. The District may bill less than the budgeted total for a fiscal year, but in no case can the total billing exceed the total approved with the adoption of the District Annual Operating Budget for that fiscal year, including any Board approved amendments or budget augmentation.

3.0.3 Payment for billings will be considered completed by an entry in the general ledger for the District, through the Cash Clearing Fund, with appropriate amounts posted to the General Fund and the respective Enterprise Fund(s).
Budgeting and Fiscal Management
Appropriate Level of Working Capital
Practice 19.2.0

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, 19.1.0 Appropriate Level of Working Capital

PRACTICE. It is the practice of the Incline Village General Improvement District, hereinafter referred to as the District, 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.

1.0 SCOPE

This Practice shall apply accounting principals as forth in Generally Accepted Accounting Principles (GAAP) considering the unique characteristics of the District. To that end the following measurements will apply to each fund:

- Strength of collections of accounts receivable, to the extent they can be converted to cash within a timeframe expected for use in the District’s operations.
- Historical consumption of inventories and prepaid expenses, to the extent they can be utilized to support operations within the timeframe of the District’s budget cycle.
- Levels and flow of annual operating expenses. At no time will the calculation consider less than 45 days operating needs. However, any amount over 90 days needs must be specifically supported and approved in writing by the District’s General Manager.
- Support by the General Fund. This includes shared expenses and operating transfers that represent Central Services Cost Allocations.
- Control over rates and revenues.
- Asset age and condition, whether there is a chance of extra ordinary repairs or a replacement under the Capital Improvement Plan.
- Volatility of expenses and the ability to control fixed and variable costs.
Budgeting and Fiscal Management
Appropriate Level of Working Capital
Practice 19.2.0

- Management plans for Working Capital including any inherent affects of Restricted Net Position or items extending beyond one year that would normally not be covered by Working Capital.
- Debt Service or Multi-Year Capital Plan needs identified as current requirements.

2.0 Definition of Target amounts for Working Capital as measured each Fiscal Year End

Utilities
Operations – 45 to 90 days of operating expenses**

Debt Service – up to one year's payments of interest expense, since current maturities of long term debt are already considered in determining working capital, when classified as a current liability.

Capital Expenditure – up to 1 year of a 3 year average depreciation

** Operating expense excludes depreciation and interest.

3.0 Other Accumulation of Resources

The District may accumulate other resources in support of Debt Service or the Multi-Year Capital Plan in addition to Working Capital since these needs extend beyond the measurement period of one year.