

## MINUTES

### **AUDIT COMMITTEE MEETING OF AUGUST 18, 2021 Incline Village General Improvement District**

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chairman Ray Tulloch on Wednesday, August 18, 2021 at 3:30 p.m. via Zoom.

#### **A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS\***

On roll call, present were Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), Raymond Tulloch (At-Large Member, Chairman).

Members of Staff present were Director of Finance Paul Navazio.

#### **B. PUBLIC COMMENTS\***

Dick Warren said at the August 10<sup>th</sup> AC meeting, General Business item D.2, he was less than thrilled with the presentation by Jennifer Farr on the “External Audit Update”. He is worried that in Davis Farr we are getting another Eide Bailly type of auditor, which would be terrible. Jennifer reviewed Eide Bailly’s workpapers re the Moss Adams report, found them to be complete, did not agree with all of the Moss Adams recommendations, but then did not change anything with respect to the CAFR expensing capitalized items. And then Sara’s comment about the word “should” pretty much blew Jennifer away. It might have been the most salient point of the entire meeting, it came up again in General Business Item D.3, the Update on Internal Controls. Management “should” do this & that, but they really don’t have to do anything! Internal Controls have been a sad joke for over a year and a half, no progress has been made with the “less than aggressive” Financial Management under Navazio. Delay, delay, delay, only do something if absolutely necessary. One of the best examples is this \$3-4M write-off that should have already occurred re Capitalization Projects, but Management refuses to do anything with it. The knowledge & experience of Tulloch & Dobler re Capitalization Projects far exceeds the collective wisdom of IVGID Management. Management, listen to the AC, you just might learn something. It might be helpful for the AC to dictate deadlines for Management with respect to getting things done. Relying on Davis Farr might not be in the best interests of the AC if Davis Farr exhibits a laissez-faire attitude. My larger concern is that the Trustees will purposely “dumb-down” the AC to the Board level. It is quite obvious to any casual observer of IVGID that the IVGID Management can not stand the AC because the AC espouses competency & honesty, two attributes totally lacking in IVGID Management. IVGID Management loves the attributes of the current Board of Trustees collectively – stupidity, unwillingness to criticize Staff even when warranted, not looking into the details of anything, not following up on anything, you name it, the IVGID Powers-To-Be love

incompetency with a hint of corruption. Another way to look at it is that if Airhead Tonking & Wong were on the AC, do you think anything positively would have occurred in the past year or so? He doubts it; in fact, he'll bet his house on it. Thank you.

**C. APPROVAL OF AGENDA (for possible action)**

Audit Committee Chairman Tulloch asked for changes to the agenda, none were received so the agenda was approved as submitted.

**D. GENERAL BUSINESS ITEMS (for possible action)**

**D.1. Review, discuss and possibly consider recommendations for modifications to Board Policy 15.1.0 for submission to the Board of Trustees (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch)**

Audit Committee Chairman Ray Tulloch said that one of the items that the charter requires us to do is this review and what he has put forth is initial commentary and recommends that the Audit Committee work off of the clean version as the redline version looks like there was a lot of changes but it is actually formatting changes; the changes are in line with the original charter and are very minor changes. Audit Committee At-Large Member Cliff Dobler said that on the redline version, he wanted to get a clarification, there are several colors – red, blue and green – and asked what was the significance of the different colors? Audit Committee Chairman Tulloch said that it is typically by a different user and there no significance as it is just showing changes. District General Counsel Nelson further explained the color differences. Trustee Sara Schmitz said, on the very first page, and that she spent some time on doing the research, there are three personnel policies regarding volunteers, and the At-Large members are definitely volunteers, and that she thinks we need a statement that the Audit Committee At-Large members are volunteers and that there are District policies that are specifically about volunteers and that they have to do with harassment, substance abuse and violence in the workplace so she thinks we should add a reference to those policies and that they are provided to all volunteer members. Audit Committee Chairman Tulloch agreed to that recommendation. Audit Committee At-Large Member Dobler said he received an e-mail from Trustee Schmitz this morning and he didn't see anything about substance abuse. Trustee Schmitz said it is in the personnel policies and that she shared it, and it was not for discussion, 2.7 was the

one she didn't share. She thinks just to make it clear, all policies that reference volunteers, so they should be given to the Audit Committee members. District General Counsel Nelson said yes, we should include that reference and then provide those policies. Audit Committee At-Large Member Dobler said including them is fine and then abide by them. Trustee Schmitz said that the Audit Committee members are expected to comply with District's policies that are relative to volunteers and that all Audit Committee members are volunteers and will be provided copies of referenced policies. Audit Committee Chairman Tulloch asked if there was a signature kept when these policies are issued to employees or some process for recording it? District General Manager Winquest said we do track all changes or revisions to these policies and yes, we will inform members of any changes. Audit Committee Chairman Tulloch said so there is a process in place for providing those changes? District General Manager Winquest said that he will advise the Human Resources team that they must include this group. Audit Committee At-Large Member Dobler said in these policies they don't have Trustees – are they considered employees? District General Counsel Nelson said that they are not employees and that we would expect them to comply in a similar manner. Trustee Schmitz said Section 10 makes a recommendation and goes in to 2.10 and it references volunteers but not Trustees. Audit Committee At-Large Member Dobler said if it applies to volunteers, it should apply to Trustees. Trustee Schmitz said that the Audit Committee shall review the Charter annually. Audit Committee Chairman Tulloch then recommended that the committee go page by page and that he would record all changes suggested/made. The committee agreed to this process, proceeded to do their page by page review, with Audit Committee Chairman Tulloch taking the notes on the changes requested.

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

**E.1. Audit Committee Meeting Minutes of August 10, 2021**

Audit Committee Chairman Tulloch asked for changes. Trustee Schmitz said that on page 5, \$25,000 is supposed to be \$2,500, page 34 of the packet; pg. 6, D.3. – in the very first sentence, substantive, delete that word; yes, OfficeMax was referenced in the accounting internal controls and she couldn't find that comment which she thought was important – she has to go back and find out where that is supposed to fit. Audit Committee At-Large Member Dobler said agenda packet page 32, 2/3's down, statement 4, insert GASB Concept Statement 4; agenda packet page 33, about half way down, discern should be at the discretion of management, before the line that has

GASB; agenda packet page 43, second line from the bottom, despite should be dispute; agenda packet page 45, 2/3's down, in 2019, the General Fund made an 8.4%, then 7.63 add in 2020. Going down you, should be General Fund could not have; three lines before the bottom, effluent pipeline, reserve funds. Hearing no further changes, Audit Committee Chairman Tulloch said that the minutes were approved with the changes as discussed.

- F. **PUBLIC COMMENTS**\* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

There were no public comments made at this time.

- G. **ADJOURNMENT** (*for possible action*)

The meeting was adjourned at 6:01 p.m.

Respectfully submitted,

Susan A. Herron  
District Clerk

Attachments\*:

\*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.