

## MINUTES

### **AUDIT COMMITTEE MEETING OF JULY 29, 2020 Incline Village General Improvement District**

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chairman Matthew Dent on Wednesday, July 29, 2020 at 4:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada. This meeting was conducted virtually via Zoom.

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

On roll call, present were Matthew Dent (Trustee, Chair), Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), and Raymond Tulloch (At-Large Member). Derrek Aaron (At-Large Member) was absent from roll call but joined the meeting at 4:30 p.m.

Also present was Staff member Director of Finance Paul Navazio.

There were no members of the public present (State of Nevada, Executive Directive 006, 016 and 018 and 021).

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

Dick Warren said Business Item D.3 – System of Internal Controls, Staff has failed miserably in presenting a framework for Internal Controls. Once again, Staff pontificates with an abundance of words which contain not a practical thread of sensibility. For simplicity sake, start with your Balance Sheet, take the asset Cash. Tell him the District's policies and procedures surrounding Cash, then tell him the written existing controls currently in operation to ensure that Cash is adequately controlled. Then show him the Internal Control Audit Reports that delineate that Staff has reviewed (audited) the current system of internal controls around Cash, and deemed them to be adequate and/or inadequate. And then take the next asset, Accounts Receivable, and do the same thing. Go through all of the District's assets and liabilities in this fashion. But there's one problem here; the District doesn't have any policies and procedures for anything, they don't have written existing controls currently in operation for anything, and they certainly do not have any written audit reports concerning reviews of internal controls. Let Moss Adams or someone else from the outside do this; otherwise, Staff will be stringing this B.S. out over the next few years. Business Item D.4 – Audit Committee Referrals - he did not even get through all of this, Staff's comments on why we really don't need Enterprise Fund Accounting are simply worthless. Staff is in way over your head and they do not have a clue. His suggestion to the Audit Committee is to, once again, bring in an outside reputable outfit like Moss Adams to do this review. If they tell me there is no reason to restate, he will accept it, but he will not accept it based on the meanderings of Staff. Thank you.

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Linda Newman said that she greatly appreciates all the efforts of Chair Dent and Treasurer Schmitz for assuring we have a qualified team and an effective Audit Committee Charter. She would also like to thank Derrek Aaron, Cliff Dobler and Ray Tulloch for generously volunteering their time and expertise to improve the Board's oversight and restore the public's trust. As this committee packet will attest, you have a Herculean task ahead of you. As our 2020 fiscal year end audit is underway, you can see that Staff information provided has omitted the District's actual accounting and reporting policies used to prepare the financial statements. There are also no written internal controls. You have not been given a baseline instead you have been provided with a table of contents without the contents; that is both figuratively and literally true. The thickness of the packet is only exceeded by the abundance irrelevancy of a summary of ordinances, resolutions, policies, and practices. As Trustee Dent said "the policies are a wreck and should be shredded." Whether they are viable or in compliance with State laws and regulations or are actually being followed is a mystery. No public or private entity can responsibly operate without internal controls and financial statements cannot be properly prepared without an effective framework. The Board has appropriated funds for an independent consultant to assist. She highly recommends that this resource be engaged immediately. As for the 14 points of contention in last year's CAFR and the calls for restatement, she also recommends that an independent and qualified accounting firm review these issues to determine whether or not Staff has prepared last year's financial statements in accordance with generally accepted accounting principles. Subjective opinions by unnamed Staff on whether or not they complied with Nevada law and District policies does not provide a solid foundation to render objective judgment on what should or shouldn't be corrected nor does it provide an objective foundation to determine whether the 2019 and previous CAFRs should be restated. Please schedule a meeting that will afford you the time to review all of these issues in depth. Friday evening packets for Wednesday afternoon meetings denies you adequate time for independent research. Limiting the meeting to two hours also limits your ability to comprehensively discuss these extremely important and timely matters. Thank you.

Margaret Martini said accounting is not her forte. But understanding how much of my tax and fee money is being collected and how it is actually being spent is important to her. It is her understanding that our State and County governments and agencies, as well as our bondholders and citizens rely upon the District's audited reports determine how well our District is being managed operationally and financially. If there are no effective internal controls to prepare the financial statements and there is no Board oversight to ensure that the District's accounting and reporting policies comply with Generally Accepted Accounting Principles, our budgets and our audited reports are, well, worthless. Our Trustees and each and every one of our citizens are denied accurate and important information to determine the District's financial condition and performance. Financial

transparency and accounting are just words without the proof to back them up. After years of an absentee Audit Committee comprised of Trustees Wong and Morris headed by former Trustee Horan along with a former Director of Finance that showed no respect for compliance with Nevada Laws or District policies, she recognizes that this Committee isn't starting off with a clean slate. The fact that our new Director of Finance is not a licensed CPA and is not knowledgeable about our District's governmental, recreational or utility operations, and is trying to learn about our historical accounting and significant lack of internal controls while trying to understand State law and GASB statements and so much more-doesn't provide this Committee with the District staff resources necessary to help you succeed in fulfilling your audit committee responsibilities. As we also have a new and inexperienced General Manager, your combined decades of experience and knowledge and independent research will be put to the test. She trusts that you will immediately request the outside resources you need to establish effective internal controls and accounting and reporting policies that comply with General Accepted Accounting Principles. Please thoroughly review Staff's explanation for why Enterprise Funds are not required. The narrative is completely implausible. It fails to include the collection of the Recreation and Beach facility fees and the allocation of those fees to cover the shortfalls in operations, capital projects and debt service. Citing dynamic pricing and yield management for the pricing of entry fees is irrelevant-when ALL user fees and charges for services and standby service fees are used to cover the costs of providing the services. These, by the way, are all exchange revenues. These are the principle revenue sources that cover all the costs and as such, require the District to account and report the Community Services and Beach Funds as Enterprise funds.

Frank Wright said that he is a candidate for the Board. What has he been doing – trying to understand the transfer of public land by former Director of Finance. It is sick and there was no oversight. The District sold land given to us by Washoe County which was public land. We sold land to individuals on a secret list without anyone who knew. No one is paying attention. There were no internal controls. Nothing happened to the employee as he was not fired. Now we have lawsuit in the United States Supreme Court that the Trustees don't know anything about. How much is it costing the District? To his knowledge, the attorney hasn't turned in a statement so we are going to get hit with another big bill. Again, no internal controls. How can you continue on without someone overseeing? His suggestion is start with a clean plate, we look at everything, and bring in outside people to look at it so people who live here feel comfortable. If you don't fix what is wrong, same will continue. Start over, clean this place over, and have a nice happy place to live. It is not worth the trouble you are going through. Audit committee will find things and fix things.

Diane Becker said regarding General Business Item D.3. – her suggestion is to consider engaging Moss Adams earlier than reported so they are consulted in how

the review and audit is undertaken. They can provide valuable input so we don't have the District spending employee time. Don't believe they would spend much time, maybe 1 day or a ½ day, and then they would be available to consult with. When she read the memo on page 27, particularly where it said that "*This report is intended to inform "next step" in the District's assessment of its existing internal controls and highlights selected areas where polices, practices and procedures warrant updating to current best practices as well as identify areas where there may be gaps in policy or procedures that represent weaknesses in the District's overall system of internal controls.*" she didn't see any discussion about anything done and what the intent is to look at the forms. She is looking forward to the presentation. The problem, when reviewing, is that the forms have very little detail, a little tiny section for comments, don't see each person's risk assessment, who the project team is, what departments, or responsibilities. It would be useful for Moss Adams to come in first and then have the internal audit done.

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

Audit Committee Chairman Dent asked for any other changes. Mr. Dobler said, regarding General Business Item D. 4., that it doesn't say what we are doing and that the law says that an agenda should be clear and complete and that the public has not been told what we are doing so he would like to have some clarification on that item. District General Counsel Velto said that the only way it is clear and complete is if it is a referral so he tends to agree with Mr. Dobler that it doesn't give much insight on what it is doing thus he is hesitant on having a discussion. Director of Finance Navazio said that the intent was that this item was referred to Staff back at the end of April/early May and that a report was prepared and that it was not intended to be an action but rather we can discuss how it got onto this agenda and how it should come back. District General Counsel Velto said that makes sense however he doesn't see that with this item and therefore any discussion would be grounds for an open meeting law complaint. Mr. Dobler said that he agrees with District General Counsel and that he wouldn't know that there was going to be a presentation. He thinks that the 14 points were tossed in there and that this agenda item does not indicate what we are doing. Mr. Tulloch said that he agrees and that it comes across as a point of information so he has a concern about that. Trustee Schmitz said that she would heed the advice of District General Counsel. Audit Committee Chairman Dent asked if we need a motion to change the agenda. District General Counsel Velto said yes. District General Manager Winquest said he understand and that we should follow District General Counsel's advice. Staff needs to be given proper direction on how to put them on the agenda to ensure that we understand. Audit Committee Chairman Dent asked if legal counsel reviewed the agenda before us receiving it? District General Manager Winquest said that he believed so; District Clerk Herron said she believed so as well. District General Manager Winquest said that the review was not done by District General

Counsel Velto. Audit Committee Chairman Dent said he is open to discussion and that he appreciates the input.

Trustee Schmitz made a motion to remove General Business Item D.4. from the agenda. Audit Committee At-Large Member Dobler seconded the motion. Audit Committee Chairman Dent asked for any further comments, receiving none, called the question – the motion was unanimously passed.

Audit Committee At-Large Member Dobler asked if on General Business Item D.1. if it is intended to review and discuss each item independently? Audit Committee Chairman Dent said it is a high level overview and yes, that is the action item to look at them differently.

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

**D.1. Audit Committee Re-organization (Requesting Trustee: Audit Committee Chairman Matthew Dent)**

**D.1.a. Acknowledgement of three (3) Board appointed At-Large Audit Committee Members (appointment date June 23, 2020)**

Audit Committee Chairman Dent said that Mr. Tulloch, Mr. Aaron, and Mr. Dobler were appointed by the Board of Trustees on June 23, 2020 as Audit Committee At-Large members. Training is in process and that there was discussion, by the Board of Trustees, about the reorganization of the Audit Committee. On July 22, 2020, he received a resignation letter from the Audit Committee by Trustee Callicrate which he sent to Staff. This resignation triggered the reorganization and that we didn't need a meeting to see who were the last two Trustees standing. Audit Committee Chairman Dent then thanked Trustee Callicrate for his service and noted that the three At-Large Members become Audit Committee Members and then welcomed the three At-Large Audit Committee Members. Audit Committee At-Large Member Dobler said that the appointed date was June 23, 2020 and each of us has either a one-year to a two-year term; where do we decide to have our term start as none of the members were invited to the June 30 meeting. Trustee Schmitz said it may make sense to clarify that their term begins with the new fiscal year. Audit Committee Chair Dent asked for Trustee Schmitz to say that again. Trustee Schmitz said to be clear and complete, their new term begins July 1 and that needs to come from the Board as a whole and that we need to look into that policy so it is clear on how we want to handle this and

then revise the policy. Trustee Schmitz then added that she would make a notation and track this as a minor revision, along with those mentioned at our training, and bring it back to the Board. Audit Committee At-Large Member Tulloch said that he doesn't think we can make it July 1 or June 23 as they were only appointed when Trustee Callicrate resigned so the earliest date is July 23. We can discuss this with District General Counsel and get their recommendation on how to revise the policy. Audit Committee At-Large Member Dobler said that he agrees with Audit Committee At-Large Member Tulloch and, if true, they should have been invited to the July 23 meeting so the start date has to be different than July 23. Audit Committee Chairman Dent said that he will work it out with District General Counsel and how we want to handle that with the Board of Trustees.

**D.1.b. Review of Board Policy 15.1.0, Accounting, Auditing, and Financial Reporting, Audit Committee**

**D.1.c. Review of Audit Committee Member Roles and Responsibilities as outlined in Policy 15.1.0**

Audit Committee Chairman Dent said that this is a high level review of this policy and that he is combining D.1.b and D.1.c. together. Audit Committee Chairman Dent then gave an overview of the responsibilities of the Audit Committee and Policy 15.1.0 and noted that Mr. Tulloch and Mr. Dobler are each serving a two-year term and that Mr. Aaron is serving a one-year term. Audit Committee At-Large Member Derrek Aaron joined the meeting at 4:30 p.m. Audit Committee At-Large Member Dobler said that the agenda item says roles and responsibilities and that he only sees authority and responsibilities and that he doesn't see the roles and that they don't tie to the policy. Audit Committee Chairman Dent said noted. Audit Committee At-Large Member Tulloch said, referencing 2.6.3 of Policy 15.1.0, which reads "*Evaluate management's identification of fraud risks, ensure the implementation of anti-fraud measures and that management is setting the tone at the top...*", that he is uncomfortable with it and that he is not sure that any of us can ensure setting the tone at the top because if management doesn't set that tone then the Audit Committee is to blame thus there needs to be some revision in that language. Audit Committee Chairman Dent asked Trustee Schmitz to please take a note of this comment and revisit that item with District General Counsel. Director of Finance Navazio said, since we are in the details of the policy, that he appreciates the question on clarification of roles and responsibilities, and by way of an example

that as you are going through the items on agenda packet page 9, in 2.2 and 2.4, given the focus and attention of the committee members, that the wording is important. Audit Committee Chairman Dent said thank you for bringing that forward and that is another note. Also, something else that he ran across was the amount of times that the Audit Committee meets and that it is really focused around the CAFR and that it is quarterly or more often as needed. The main focus here is on the CAFR however there are a lot of areas, due to previous years of neglect, that need to be looked into. Director of Finance Navazio said that it is also intentional that there is also a strong focus on internal controls as the CAFR is one aspect and that the other equally important item is the oversight to the implementation of management to the internal controls and he doesn't want to lose sight of that item. Audit Committee Chairman Dent said, referencing agenda packet page 9, that he agrees with that remark. Audit Committee At-Large Member Dobler said that it is interesting that Audit Committee At-Large Member Tulloch brought up that sub-section in 2.6 and then asked how do we do that? How do we ensure that they would implement what they are supposed to do? Trustee Schmitz said they would do that by having it as an agenda item and giving clear direction to Staff that this is an expectation of their responsibilities which is to develop, maintain and enhance our internal controls. So as a committee, it is one of the things that she thinks that we need to make sure that we have on agendas on a periodic basis to review those and make sure they are being effectively managed. Audit Committee At-Large Member Dobler said if they say they are doing something how would you ensure that other than going in and sitting on their lap? They tell you a lot of things but do they actually do it? Director of Finance Navazio said that is a really good question and something that the Audit Committee needs to discuss how they do it. This is fairly standard language that have these scopes and it is not unique to this organization or body. That said, you can discuss it as you wish and when you get to the item on internal controls and look at that, ensure internal controls are being met is typically done. If the committee is not comfortable with checks and balances or they are not satisfactory to the Audit Committee or the Board of Trustees, then they can be looked at. It is a series of checks and balances between the Audit Committee, Auditor, Staff and the Board of Trustees and that all of these things come together because no one piece gives you the assurance. Audit Committee At-Large Member Aaron asked how are we going to assure ourselves that 2.6 is actually being enforced – familiarize yourself with that framework and he noted that he had already requested the policies and procedures. We can also hire an accountant to teach us about accounting and then use that person to

do some spot checking on the control. We would go through the framework and see if there are areas to be addressed and they say "Okay Mr. Financial Advisor, go check it out". That is one way to do it. Another way is to sit down one-on-one with Staff and have them tell you how do you match up a purchase order, etc. thus there are a couple of ways to do this task. Trustee Schmitz said that one of the other things that we have discussed is potentially hiring an internal auditor to review these things as well. Audit Committee At-Large Member Aaron said that is what he was referring to and that a number of titles have been thrown around. The financial advisor would be an internal auditor and utilized for the Audit Committee's benefit so he thinks we are talking about the same thing. Audit Committee At-Large Member Tulloch said that his concern is the language is absolutely sure and that we may need to amend it. Trustee Schmitz said that she will take the action item to have the language reviewed by District General Counsel. Audit Committee At-Large Member Aaron said, under the same section, 2.6.2., has this been accomplished/completed? When has this been done for prior year CAFRs? Audit Committee Chairman Dent said he is not aware of that being done. Audit Committee At-Large Member Aaron said he is interested in this completion. Audit Committee Chairman Dent said that the policy got approved late June so we can review, make corrections and set that up as a future item.

#### **D.1.d.Election of an Audit Committee Chair (Policy 15.1.0, Organization)**

Audit Committee At-Large Member Dobler asked about effective date and tenure of the Audit Committee Chair. Audit Committee Chairman Dent said that the memo is written through the end of the year and that it was set that way because we will have three newly elected Trustees seated in January 2021.

District Clerk Herron opened the nominations for Audit Committee Chair.

Trustee Schmitz nominated Matthew Dent with an effective date of immediately. Audit Committee At-Large Member Tulloch seconded the motion. Audit Committee At-Large Member said he supports the nomination of Matthew Dent. Hearing no further nominations, nominations were closed and District Clerk Herron congratulated Trustee Dent on becoming the Audit Committee Chairman effectively immediately.



**D.1.e. Review, Discussion and Possible setting of Audit Committee Meeting Schedule(s) and Agenda Items**

Audit Committee Chairman Dent said that the Audit Committee meetings have been following the Board meetings which makes it easier for Staff but that it doesn't have to be that way. District General Manager Winquest said that when you are looking to schedule your meetings, please note that we have placeholders for a closed session with the Board of Trustees regarding union negotiations and that typically that will be at the start of the meeting and we need about an hour for that meeting so please take that into consideration. Trustee Schmitz said, as a point of clarification, that the closed sessions are not on our Board long range calendar. Audit Committee At-Large Member Dobler asked if the Audit Committee members will be participating in the closed session. District General Manager Winquest said no, they will not be participating rather Staff is just reserving that hour prior to a Board meeting. Trustee Schmitz said for upcoming agenda items that we have not brought policies forward relative to Dillon's Rule, the Board of Trustees was given the reconciliation spreadsheet approved budget to the 4404LGF form to the State and she feels that some revisions are yet to be made and thus she would like those revisions made and then brought back to the Audit Committee so we can understand the purpose of that reconciliation and making use of that document going forward. Audit Committee At-Large Member Aaron said for the frequency of the meetings that the guidelines are a minimum of quarterly and that since there is a learning curve to ramping up, he would like to suggest that the Audit Committee meet at least monthly, as a minimum. Audit Committee Chairman Dent said that the prior committee met once and we have already met seven or eight times so meeting once a month is fine. He is much open as to the day and his preference would be later in the afternoon. Audit Committee At-Large Member Tulloch said that we had to previously defer General Business Item D.4. as it was inconsistent and that he didn't want to drop those 14 points of error. Audit Committee Chairman Dent said that we will definitely have that on the next meeting as well as Dillon's Rule as we haven't closed the loop on that item. Audit Committee At-Large Member Dobler asked how long into the future do you want to go as he has about 15 things he wants to have on the agenda and that most of them relate to the current CAFR which needs a tremendous amount of clarification? Audit Committee Chairman Dent said that for the August meeting he would like to request that the agenda items and materials would be in to Staff and the Chair by this Friday. When the materials don't get in

that is when we see the packets come out late on a Thursday or Friday and that we should be pre-planning. While nothing is perfect, it would be good to know what the item is, get legal to review, and the supporting material submitted. Part of that process is actually filling out the memorandum and that if we have a meeting on August 12 then everything would have to be in by July 31. Audit Committee At-Large Member Tulloch suggested that the materials be in by the start of the day on Monday because from a Staff perspective it makes no difference if it is Friday versus Monday. Audit Committee Chairman Dent said as long as he knows what the agenda items are, yes, you can have your supporting materials in by Monday. District General Manager Winquest said that if the Audit Committee is meeting with a significant amount of frequency and as we are preparing for regular Board of Trustees meetings, Staff has gotten the packets out late. If the Audit Committee is going to be a week from that Wednesday, we need a final draft by Monday so Staff can start putting that packet together as we have to get that over to Chair Dent for review. Staff always wants to get the agenda out on the Wednesday before the meeting and then the packet the day after. Trustee Schmitz said that, as Chair, one of your responsibilities is to prepare and manage the agenda. Any of the members that have items can bring them to you for you to prioritize and that August 12 is too aggressive. Audit Committee At-Large Member Aaron agreed that August 12 is too aggressive and that he would want to tag these onto the Board meetings for efficiency, etc. Audit Committee Chairman Dent explained the closed session. Audit Committee At-Large Member Aaron said that the month of August is canned. Audit Committee Chairman Dent said that we can do it on any day as there are no constraints. District General Manager Winquest suggested August 19. Audit Committee Chairman Dent asked if that worked for everyone; no objectives. Audit Committee At-Large Member Dobler said that we have a whole pile of stuff to get done and that he would like to keep these meetings separate as he doesn't like to be against time constraints. Trustee Schmitz said that she is completely flexible. Audit Committee At-Large Member Aaron said he is flexible as well and would like to be respectful of IVGID's Staff time and attention span by doing one major topic per meeting. We must be respectful of other people's time and schedules and noted that he is stickler for time and schedule. Audit Committee Chairman Dent said that he understands and noted that two hours can be tight and that three hours would be better to give us the time to discuss things. Audit Committee At-Large Member Tulloch said that he agrees with that as we have the unknowns of public comments, have a number of major contentious items that are critical to the overall financial management, so let's not

short change them by going to once a month. In the short term, a three-hour meeting makes much more sense. Trustee Schmitz said so what time. Audit Committee Chairman said how about August 19 from 3 p.m. to 6 p.m. Audit Committee At-Large Member Dobler said that he thinks that Audit Committee At-Large Member Aaron would like us to pick one subject matter and really focus on that. We all are independent and there is a lot of theory involved in accounting as well as rules and regulations that have to be explored. We are lucky to have two ex-CPAs and one person who does utility audit. The 14 points could take two meetings because it is now up to 20 points. Audit Committee Chairman Dent said it is more like 22 points. Trustee Schmitz said let's schedule this meeting and then give us a deadline for our all wanted agenda items to be into the Chair and then we can share them and schedule meetings from there. Audit Committee Chairman Dent said have everything to him by August 7 and he will plug them in. Trustee Schmitz said a list of agenda items by Monday morning so that we have the week of August 3 to get our information and then turn it in by Monday, August 10. Audit Committee At-Large Member Tulloch asked the Chair to provide us with the details of supporting information. Audit Committee Chairman Dent said that the District Clerk will email you the standard memorandum template and then we can talk, in detail, about what we should include, etc. as we get closer. District General Manager Winqest said that all members should feel free to reach out to the District Clerk or himself and we will help guide you. Audit Committee At-Large Member Aaron asked for a summary of this conversation and of the deadlines, etc. Audit Committee Chairman Dent said that the next meeting is August 19, it will start at 3 p.m. and conclude by 6 p.m., all members of the Audit Committee are asked to have a list of agenda items to him by the morning of August 3. By August 7, your agenda items with the memorandum completed and backup material is due for the August 19 meeting. Director of Finance Navazio said that the 14 points will be brought back at the next Audit Committee meeting so we will have a General Business item for that agenda. Audit Committee Chairman Dent said yes, that is coming back as the first item but please give the Audit Committee until August 3 as it could change as could possibly the Dillon's Rule item because we haven't completed that as of yet. Director of Finance Navazio said he would like to provide updates on the current audit and Moss Adams and that he will feed that to the Chair and then develop an agenda item from there.

**D.2. Update on the District's Independent Audit for Fiscal Year 2019/2020**

**D.2.a. Review of executed Engagement Letter with Eide Bailly**  
**D.2.b. Review current audit schedule and work plan of Eide Bailly**  
**D.2.c. Review, discuss and possibly select an Audit Committee member to act as a liaison to Eide Bailly**

Director of Finance Navazio gave an overview of the audit for the upcoming fiscal year. Trustee Schmitz said, in the engagement letter on agenda packet pages 19 and 20, it talks about them evaluating accounting policies (agenda packet page 19) and evaluating other records and documents (agenda packet page 20) provided to Eide Bailly and could that be shared with the Audit Committee? Director of Finance Navazio said yes, Staff can provide any information they wish and if the question is what information has been requested and provided, all that we have done so far, and he doesn't think that they have requested or received, but Staff can provide what information and what we have provided and then continue to keep the Audit Committee apprised. There is still a lot of work to be done and the target date is mid-October to have a draft and then finalize by the end of October. Audit Committee At-Large Member Dobler said that the biggest problem with the engagement letter is that there is no opinion given that the financial statements of IVGID are in compliance with the laws and regulations and management is supposed to comply with all laws and regulations. Last year's letter said to the best of their knowledge. Normally, one would get a letter from our legal counsel that we are in compliance and that is one of our big weaknesses.

**D.3. Presentation and Discussion Item Only – IVGID System of Internal Controls (Requesting Staff Member: Director of Finance Paul Navazio *DEFERRED TO THE NEXT AUDIT COMMITTEE MEETING*)**

**D.4. Audit Committee Referral(s) *REMOVED FROM THE AGENDA IN ITS ENTIRETY***

**D.4.a. 14 points of errors in the CAFR (from Cliff Dobler and Linda Newman dated April 7, 2020) (Referral made to Staff by the Audit Committee at the May 6, 2020 Audit Committee meeting)**

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

**E.1. Audit Committee Meeting Minutes of June 30, 2020**

Audit Committee Chairman Dent asked for changes, none were received so the minutes of June 30, 2020 were approved as submitted.

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

Linda Newman said she would like to commend the Committee Chair and all of the members for an excellent meeting. Everyone was prepared, participated and she greatly appreciates that. She would like to make a suggestion to the General Manager. It appears that the Board Clerk who is also the Public Records Officer and the District Clerk has a great deal to do and that it really would be important instead of having to press Committee members to meet these extreme deadlines, to have someone work part-time to help the Public Records Officer and Board Clerk with the preparation of these Board packets and these minutes and the backup material that the Audit Committee and the Board needs so that we do not have to be placed in a situation where Staff is completely overwhelmed and has to put Board packets and Audit Committee packets out on Friday evening. So she hopes that this will be considered. She knows that there are a lot of people that work part-time at the District that might want an opportunity to pitch in and it certainly would be an incredibly valuable resource and she thanks you again for a very well prepared and presented meeting.

Margaret Martini passed on her opportunity to speak.

Frank Wright said he is a candidate for the Board and that he commends the Audit Committee for their efforts today. These are people who show up and know what they are talking about, understand the issues, and are prepared for a meeting. It was outstanding and refreshing. This will be a long process and he thinks we will get financials straightened around. He likes the positive nature as we have intelligent people that understand financials which has been a long time coming. He hopes that transparency gets better and records become more available as he doesn't want any more problems. When someone does something they shouldn't do, they should be held accountable. He thinks this group understands money and the need to follow through with internal controls. Go after it, get it done and then we will have total transparency and see everything that is going on in this District.

Audit Committee Chairman Dent congratulated Mike Gove on being selected as the Director of Information Technology.

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

The meeting was adjourned at 5:36 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.