

MINUTES

AUDIT COMMITTEE MEETING OF JULY 13, 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 Tuesday, July 13, 2021 at 3:00 p.m. at the Chateau, 955 Fairway Boulevard, Incline Village, Nevada.

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). Absent was Derrek Aaron (At-Large Member).

Members of Staff present were Director of Finance Paul Navazio. Members of the public present were Frank Wright.

Audit Committee Chairman Tulloch said it is unfortunate that we don't have phone in public comments and that is something that should be reconsidered as it is not that easy to get to this meeting; hopefully, the Board will review this at their meeting.

B. PUBLIC COMMENTS*

Frank Wright said he would like to start with some comments about the lawsuit with Mark Smith. It came down that there was some invalidity to some of IVGID's claims. He is shocked that this community is allowing this to go on. We have a problem. Audit Committee is the only legitimate group representing us, people are taking us, we need to go after Mr. Guinasso and get our money back and go after Trustee Wong. The court order said it adopted the Special Masters report in its entirety. IVGID's claim were a joke. Public records should go to the public as this is a part of democracy. Audit Committee has uncovered a lot of things such as \$100,000 being transferred from Utilities for legal fees. He doesn't know of anything that would be for so we have to hold the District accountable as it is always under minded and try and take away the rights of the people. You need to ask for an audit to find how much we give away to try and keep this game going on by Trustees who shouldn't be elected. They are representing special groups – golf course taken over by clubs and they vote the way this Board wants them to vote. They don't own parcels, don't represent us, and they do everything Staff asks for. We need to go after Mr. Guinasso and he should be disbarred. It is wrong and the Board won't do that as they are a select group of people who don't do anything. Now we have a court order, we will get the e-mails, and we will find out about a lot of legal crap that has been going on. This makes you complacent and it makes

you part of the problem. If you don't do your job, why are you on the Board? Why did you run? Enough is enough, let's put an end to it. We are going to lose everything we have, which is really sad. There are people coming forward telling us all of this stuff, they are telling the truth, and we have the facts. The gig is up and we all know it.

C. APPROVAL OF AGENDA (for possible action)

Audit Committee At-Large Member Dobler said, regarding General Business Item E.1., that the lawyer was actively involved in this item and it was intended for him to be involved today so maybe he should call in and that he is surprised that he is not here. District General Manager Winqest said that because of the movement of the meeting, he had a conflict with this meeting and he is with the NTPUD for their meeting and that is why he is not attending today. Audit Committee Chairman Tulloch said that Mr. Nelson has been involved and kept abreast of all the changes and that this is just a redrafting. Hearing no further changes, Audit Committee Chairman Tulloch said that the agenda is approved as submitted.

D. AUDIT COMMITTEE CHAIRMAN'S OPENING REMARKS*

The Audit Committee Chairman will be making opening remarks regarding meeting decorum and procedure (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch)

Audit Committee Chairman Tulloch said he would like to layout his standards for his committee and that he thought about bringing a target with him as pot shots are taken at this committee and that he was persuaded not to bring a target. He then outlined how he would like the Audit Committee members to behave – follow the standards of decorum, he doesn't expect slurs, etc. to be directed to Audit Committee members, Board members or towards Staff, and he doesn't expect that to be done by the same. He expects everyone to behave as they do in their normal professional life, stay on topic during discussions, and keep him in check on that as well, and to focus on the topic at hand. He also expects the Audit Committee members to have read and be familiar with the items as it doesn't help progress and the topics at hand if one is just trying to read ahead during the meeting thus he expects the Audit Committee members to read the packet before the meeting. Just because we are Audit Committee members, we don't lose our rights as members of the public and if they are appropriate, they will be agendized. During the past year, have learned a lot and some of these issues have diverted us and we may have missed some other items so let's stay on task. We need to make sure that the agenda items are on task. He noticed that the public comments are directed more towards the Board of Trustees. Thank you to all Audit Committee

members for contributing their time and he hopes to move forward with a proactive committee. Trustee Schmitz said one thing that she is requesting you do, as a Chair, is to determine how much detail should be in our meeting minutes. Trustee Schmitz then drew attention to agenda packet page 47, and stated that this is your decision and that people do read the meeting minutes, but they just say “gave a brief overview of the submitted materials”. She will leave up to you on what types of things we do or don’t want in our meeting minutes. Audit Committee Tulloch said he agrees with that, and that his personal opinion is that materials should be included but he doesn’t want to bulk up the packet so he asked District Clerk Herron to include a summary of the items as a mind jogger. District Clerk Herron said she would do as requested. Audit Committee At-Large Member Dobler said he agrees with that 100% and that in the future meetings, we need to start to stay on topic. We have had 14 meetings since being on this committee and it seems like several times we start to go off topic and thus it is hard to understand what we are talking about. Audit Committee Chairman Tulloch said he and Audit Committee At-Large Member Dobler are two of the biggest challenges and that he will do his best to keep on topic.

E. GENERAL BUSINESS ITEMS (for possible action)

E.1. Review, discuss, and possibly consider adopting the Whistleblower Procedure under Board Policy 15.1.2.8 (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch)

Audit Committee Chairman Tulloch said that we have spent the last three or four meetings going over drafts and with the assistance of Mr. Nelson and Trustee Schmitz, this is the cleaned up version. We came to an agreement at the last meeting and that it is his view that the policy is now in the condition for submittal to the Board of Trustees. Trustee Schmitz said all of the edits are consistent with what they have discussed with the exception of agenda packet page 13 and that is when the scope of the Audit Committee read that it is related to accounting and audit controls or suspected fraud – that is the definition of the Audit Committee. We delegate the investigation to the District General Manager when the submission is not related to internal accounting and audit controls or suspected fraud because that would be outside of the definition of the Audit Committee. Audit Committee At-Large Member Dobler said he isn’t following. Trustee Schmitz said go to agenda packet page 18, it says delegate the investigation to the District General Manager when the concern is outside of the Whistleblower procedure, her suggestion is when it is outside the scope of the Audit Committee. To her,

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this #1 is supposed to clarify how these items should be handled. Audit Committee At-Large Member Dobler said under 2.0 Scope of Audit Committee and Authorities and Responsibilities. Trustee Schmitz said her suggestion is that #1 should say, delegate to District General Manager outside of the Audit Committee responsibilities, and that is the gist of what she is trying to say. Audit Committee At-Large Member Dobler said he agrees. Audit Committee Chairman Tulloch said he agrees with that change so let's make that change. Audit Committee At-Large Member Dobler said there was a redlined version, we have red, blue and yellow lines – is there a code? Audit Committee Chairman Tulloch said red and blue reflect different editors. Trustee Schmitz said she was asked to red line it and that her changes were items that were done at the last meeting and she thinks that Audit Committee Chairman Tulloch changes are in blue. Audit Committee At-Large Member Dobler asked about yellow. Audit Committee Chairman Tulloch said those are the items that were asked about at the last meeting and deletions. The blue is just a cleanup and that Audit Committee At-Large Member Dobler used the dictionary definition and it is a defined term so it is defined and that is why it is in the policy. Trustee Schmitz said going to back to what should be clearly stated, agenda packet page 6, Item 2, Scope of the Audit Committee authority and responsibilities, which she then read. This should be tied back and say “outside of the scope of Policy 15.1.0, 2.0”, and Audit Committee Chairman Tulloch said he wants to add 2.8 in its entirety, which is agenda packet page 8. Trustee Schmitz said leave it at 2.0 and Audit Committee Chairman Tulloch agreed. Audit Committee At-Large Member Dobler said here is the problem he has, if you go to agenda packet page 15, look at definition of misconduct, there is an A., B., and C. One of the things that is our primary responsibility is internal controls – if there is ever going to be misconduct, it will be with internal controls. His problem with this whole thing is that he doesn't like the idea that where we are trying to draft a contract as he has always hired a contract attorney to do this work so we can pass it if you want, it is up to you guys. Audit Committee Chairman Tulloch said internal controls would be covered under procedures and policies and that the difficulty is if you try to be too specific and detail all the items, you will run the risk of failure of the mission. With any legal proceedings, when you define one or two things, then you are expected to define everything. We can include it under general heading and cover internal controls with policies and procedures. Trustee Schmitz said she does understand the point and that it is covered because it says all IVGID policies. Audit Committee Chairman Tulloch said yes, if not, we have much more serious issues. Director of Finance Navazio said if as drafted does this cover internal controls? He would say yes as it is pretty comprehensive.

Trustee Schmitz made a motion to forward to the Board of Trustees, for their consideration, the revised Whistleblower procedure as shown with one minor revision to change the delegation of the investigation to General Manager when the submission is outside the Audit Committee responsibilities as defined in Policy 15.1.0, Section 2.0. Audit Committee At-Large Member Dobler seconded. Audit Committee Chairman Tulloch asked for any further comments, receiving none, he called the question and the motion was passed unanimously.

E.2. Review and discuss the performance of the external auditors (Eide Bailly) for the fiscal year ending June 30, 2020 as required by Board Policy 15.1.0, subparagraph 2.4.7 (Requesting Audit Committee Member: Audit Committee At-Large Member Cliff Dobler)

Audit Committee At-Large Member Dobler said what was interesting was what was said back on March 11 when we had it on as an agenda item. One of our items is to assess the performance of Eide Bailly, auditor for the June 30, 2020 financial statements. First, the assessment of performance is a funny way of saying things and that the performance would have to be were they following their audit plan. Unfortunately, he thinks that the plan was sketched out on the back of a napkin as there are four or five items. He would like to make a few comments about his thoughts about the auditor. He would like to see us expound on our performance to what maybe their audit plan was as he would imagine it. His thoughts are that we met with Ms. Tiffany Williamson of Eide Bailly two times; the first time was November 19, 2020 and she was brought in to discuss something that is dear to his heart and it was to discuss materiality to which we never got an answer as it was a secret. Even though in many writings, by various authorities, they defined it as a percentage of this and that. If you recall when Ms. Jennifer Farr came in for her first meeting with us, she defined it right off the bat as 1%. He thought that was pretty bad with Eide Bailly so it was left wide open and therefore her judgement. In October, what really disturbed him was that he asked the previous Audit Committee Chairman that while Linda Newman and he had given 27 points of concern with the 2019 Comprehensive Annual Financial Report, 6 were being handled by Moss Adams thus that left a total of 17 that he thought we should get answers from Eide Bailly. Former Audit Committee Chairman Dent had a telephone conversation with Ms. Williamson and he called me and gave me a rundown of the points that either

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needed to be restated, immaterial, handled next year or corrected, etc. and he asked if he would get it in writing from Eide Bailly as that would resolve their 21 points – we never got anything in writing. We met next on the 27th of January of 2021 as we have to approve the Comprehensive Annual Financial Report because our backs were against the wall. Our backs are never against the wall. There were three questions that the Audit Committee had put in their report that said (1) the statement of activities was incorrect with the facility fee as a General Fund revenue; (2) is the facility fees for capital and debt service could not have been picked up for revenues for the Special Revenue Fund; and (3) charge off of expenses on the effluent pipeline. Ms. Williamson's answers were ridiculous. The first thing on the statement of activities she said because it is a general revenue is because it is on the tax bill. The facility and beach fees are collected by Washoe County on our behalf and they are defined as to what they are to be used for, separated into three parts, so that was a dumb answer. Audit Chairman Tulloch reminded Audit Committee At-Large Member Dobler of his previous comments and to please keep on track. Audit Committee At-Large Member Dobler said he is and that the second and third thing was the charge off for the pipeline; there was considerable data presented on that and the answer we got back was that she had done testing and all items should have been capitalized however if you go back to the answers she gave to former Audit Committee Chairman Dent back in October, the amounts had to be written off and statements would have to be restated. His whole point is if it is our job to be with the auditor and resolve these problems, he doesn't see that we got those results. Trustee Schmitz said, as a sidebar here, one of the things that the Audit Committee should do is how do we evaluate the auditor and how do we evaluate ourselves? Audit Committee At-Large Member Dobler's approach of looking at the work plan is valid, and this year, with Davis Farr, we have a much more detailed and comprehensive work plan as we can do check ins. Last year, it was a little bit in the dark on and when we were going to be getting documentation. Going forward, she does think it will be better this year but we need to identify how we do the evaluation and she thinks it should be to their work plan. Audit Committee Chairman Tulloch said we can come back to some of the points on E.4. and he agrees with the approach of evaluation based on the work plan. There are a lot of learning points there. Materiality = it is/was very refreshing to hear that definition by Ms. Farr and he is comfortable with that so we are both on the same page as it is an important item. It is not really definitive on how much you total up non-material items to get to materiality, it is something he does in his audits, and one can add up some things. Materiality is key and he is assuming that the auditors are addressing that in their work plan. The other point is that these

items are properly minuted and ensuring that they are taking up items that they should.

E.3. Review, discuss and come to an agreement on the content for the annual report (review draft outline as submitted by Audit Committee At-Large Member Cliff Dobler) to be submitted to the Board of Trustees assessing the results of the fulfilment of the Audit Committee’s duties and responsibilities as required by Board Policy 15.1.0, Section 2.9 (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch)

Audit Committee Chairman Tulloch said he is grateful to Audit Committee At-Large Member Dobler for summarizing the meetings of our last years and there was a lot of work done and if you look at the time of the meetings, that is significant, as we raised a number of important issues. The feedback that he has received is that people welcomed the transparency he has brought. Audit Committee At-Large Member Dobler said that the Audit Committee is required by Policy 15.1.0, paragraph 2.9, to submit a report to the Board of Trustees with assessing our duties and responsibilities. This is open to discussion as we had a lot of duties and responsibilities with some areas being almost impossible and some others where we did quite well. Audit Committee At-Large Member Dobler then referenced agenda packet pages 28 and 29, Exhibit A, and stated that it would be good to attach Exhibit B, on agenda packet pages 30-33, which was a list of each meeting where he drew a summary, from the minutes, of all the things they were hit with and that was addressed and now it is time to discuss it. Going back to agenda packet page 28 and starting at the beginning, he doesn’t know if we covered all of them or just those that he didn’t know how to answer. A couple of them are kind of interesting. Audit Committee Chairman Tulloch said let’s run through them and noted that we spent 43 hours as the Audit Committee. Audit Committee At-Large Member Dobler said we spent 43 hours which is the life of 10 ants and that his neighbor works for Delotte and he bills out at \$1000 per hour. Audit Committee At-Large Member Dobler then went over the report line by line:

2.0 Responsibilities

2.1 Be independent, effectively communicate, & reinforce accountabilityAccomplished

Audit Committee Discussion/Comments

All Audit Committee members agreed that this task was accomplished.

- 2.2 External independent audit procurement process
 - 2.2.1 - Request for Proposal RFP Completed
 - 2.2.2 - Select Auditor Completed

Audit Committee Discussion/Comments

All Audit Committee members agreed that these two tasks were accomplished.

- 2.3 Recommend to the Board of Trustees an external auditor
 - 2.3.1 - Recommendations on scope of work and funds to be audited Completed

Audit Committee Discussion/Comments

All Audit Committee members agreed that this task was accomplished.

- 2.3.2 - Identify and recommend additional services ..No recommendation at this time

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said he recommended some additional services at a meeting but no recommendation was made so no recommendation was made. Audit Committee Chairman Tulloch said that this is a work in progress and it shall be brought to an Audit Committee meeting; a recommendation. All Audit Committee members agreed to that plan of action.

- 2.3.3 - Board action to designate auditor No involvement
..... Not applicable

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said it should come out of the policy in the future as it is not applicable. Trustee Schmitz said it is sort of a process and that the Board of Trustees is involved so it should stay in there and be denoted that it is a Board of Trustee responsibility. Audit Committee Chairman Tulloch said he is keeping track of this for Policy 15.1.0

- 2.3.4 - Replace auditor when appropriate Not applicable

Audit Committee Discussion/Comments

Audit Committee Chairman Tulloch said we did do that and completed it; Trustee Schmitz agreed.

- 2.3.5 - Approve scope of work and audit plan by June of each year..... Completed

Audit Committee Discussion/Comments

All Audit Committee members agreed that this task was accomplished.

2.4 Facilitate the external audit process

2.4.1 - Review and approve formal reports submitted to external auditor.....Unable - not provided

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said that the Audit Committee didn't get to review anything that went to the Auditor. Trustee Schmitz said that this was one at our last meeting, on May 9, where she had put forward a suggestion to change to tying it to the work plan. It wasn't identified with specificity so we need to modify it so it is clear on what we are looking for because we didn't complete it last year. Audit Committee Chairman Tulloch asked for Staff clarification on submittals to external auditor as formal reports is throwing him. Director of Finance Navazio said he doesn't have a definitive definition. He would note that Staff gets lots of requests for materials and might ask the auditor what they consider. Staff did endeavor to submit drafts and thus he is viewing those as being responsive to this item. There are a lot of formal and informal requests and the definition does warrant some clarification so Staff and the Audit Committee can adhere to it. Audit Committee Chairman Tulloch said in his work, there are formal data reports to get answers. He is not totally familiar with the District's process but we need it properly identified and tied in. Director of Finance Navazio said he would like some clarification on how the Audit Committee receives that information as Staff would benefit on knowing how that is to be done. Audit Committee At-Large Member Dobler said on the formal report, which is one of the most important, is the management representation letter, we all need to understand that the auditor relies on the management representation letter and one of the most of the important things is that when it is signed, it means the District is in compliance with GAAP and GASB. Then we had the Moss Adams reports that we weren't in compliance and we recommended to put the report in compliance with GAAP. We need to see that representation letter before it goes to the Auditor. #2 - accounting and reporting – he is not clear on how we present so his concern is about reporting someone. Trustee Schmitz said one of the things we learned is that the management representation letter isn't drafted by management rather it is how the auditor interprets. We assumed that Staff was writing something in October and handing it over to the auditor. What we learned was that one of the things that the auditors produce is that letter, which is signed, as it is not something that is turned over in advance but turned over at the end. Director of Finance Navazio said regarding the management

representation letter, Trustee Schmitz is correct, they are essentially boilerplate accounting standards they follow. They have the letter that says we didn't withhold any information, etc. and that is typically how it is done as it is basically conveying to the auditors that we provided all materials and we believe it is fair and accurate. Audit Committee Chairman Tulloch said it is important and it would be appropriate that it is reviewed between management and the Audit Committee. Audit Committee At-Large Member Dobler said he would like to give one example from the year before. The bills for the utilities are sent out in the middle of the month so they recommended deferring half of the revenue and IVGID said no, we want to do it all at once. Auditors said please change, IVGID didn't want to change, but they included in their representation letter that the auditor found this mistake, we aren't going to change, it is immaterial, and it is 3.5% of revenues. This had the auditor looking for cover because they said change, IVGID said no, and it was put in the representation letter and it was then put in the control of management and that is why it is important to see the letter before it goes to the auditor. Director of Finance Navazio said it would be appropriate to have a finding so he has to check. Purpose is to convey to the auditors the information that we have sent. Your point is well taken. Audit Committee At-Large Member Dobler said it goes beyond on that as there were certain adjustments they wanted to make and Staff didn't want to make them. Director of Finance Navazio said Staff will follow up on that. Audit Committee Chairman Tulloch said ok. All the Audit Committee members agreed it is ok as stated.

2.4.2 - Provide an independent forum for auditors to report findings or difficulties Accomplished

Audit Committee Discussion/Comments

Audit Committee Chairman Tulloch said that he doesn't think we asked for it and that this is a chicken and egg thing. Trustee Schmitz said accomplished is fine. The meeting is slated in August and it will be a bit more formal this year.

2.4.3 - Review the Auditors' report of findings and recommendations with management and the auditor..... Not Accomplished

Audit Committee Discussion/Comments

All Audit Committee members all agree that it was not accomplished and Audit Committee Chairman Tulloch said we need to take that into consideration with our work plan this year.

2.4.4 - Review the 2020 CAFR..... Minimal time available
.....due to delayed submission

Audit Committee Discussion/Comments

All Audit Committee members agreed that they did do it; Audit Committee Chairman Tulloch said again it is something that is in our work plan and should be integrated with the external auditor work.

2.4.5 - Follow -up on any corrective action identified Completed

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said that the reason he used completed was because we got a report from Moss Adams that was thoroughly reviewed and it was followed up with a memo to the Board of Trustees so he believes it is completed. Audit Committee Chairman Tulloch said he agrees and that he thinks the Board approved it and the items are to be incorporated.

2.4.6 - Submit an annual Report of the Board of Trustees of the
Audit Completed

Audit Committee Discussion/Comments

All Audit Committee members agreed that this task was accomplished.

2.4.7 - Assess the performance of the independent auditors..... 7-13-2021

Audit Committee Discussion/Comments

All Audit Committee members agreed that this task was accomplished as that is what is being done today.

2.5 Review financial statements quarterly and annually for fair
and accurate reporting Did not do quarterly

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said we didn't do this quarterly so we need to agendize it or take it out as we didn't do it.

2.5.1 - Review change in accounting policy GAAP or ?

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said he struggled with this one because are we talking GAAP or as outlaid in the Board policies thus he is not sure what it means. Audit Committee Chairman Tulloch said we did review changes and we are not in the position to change GAAP policies so we did do this. Trustee Schmitz said she agrees and that with the whole 2.5, she is fine with what Audit Committee At-Large Member Dobler did. She thinks 2.5 was put in here because the Board of Trustees weren't reviewing

quarterly financial reports. The Audit Committee needs to decide if we are going to have this included and do we want to consider this for a policy revision.

2.5.2 - Ensure accounting policies are followed ?

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said that this was a tough one as we have no authority. Audit Committee Chairman Tulloch said it is a nice to have. The Audit Committee members agreed to no comment.

2.5.3 - Review any off-balance sheet financing (LEASES)No request

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said he thinks this is leases and that we didn't have it on the agenda so there is nothing to review and we wouldn't know unless we understood the GASB rules; it is an interesting one that we need to review further. Audit Committee Chairman Tulloch asked Staff if we have an off balance sheet leases? Director of Finance Navazio said he doesn't believe so and that he thinks this was intended to capture all leases (GASB 87) and that we didn't have any for this reporting period. Audit Committee Chairman Tulloch said he didn't see any leases there. Audit Committee At-Large Member Dobler said he thinks it might be software leases which we have a ton of those. Audit Committee Chairman Tulloch said normally software is an annual maintenance agreement. Director of Finance Navazio said that they are licensing agreements for software. Audit Committee Chairman Tulloch said it depends on how long the term is. Audit Committee At-Large Member Dobler said how do you want to answer this one? Audit Committee Chairman Tulloch said further review. Audit Committee At-Large Member Dobler said he is on track with that. Audit Committee Chairman Tulloch said yes and he is sure it isn't referring to a second set of books.

2.6 Review the framework of internal controls - ensuring management establishes, implements and reviews internal controls on a regular basis for functionality and effectiveness..... ??

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said he only put two question marks but he should have put ten question marks as we have seen nothing on internal controls and Audit Committee At-Large Member Aaron isn't here to address that. Audit Committee Chairman Tulloch said it is one of our weakest areas and we haven't finalized anything on that. Director of Finance Navazio said that the Board of Trustees did designate Audit Committee At-

Large Member Aaron as the liaison so that has been put in process. There is a lot of work going on and Staff is working with the Audit Committee representative. Again, it is your report. Audit Committee Chairman Tulloch said we can come back to that. Audit Committee At-Large Member Dobler said that he has presented to us a framework and we did review the first segment. Audit Committee Chairman Tulloch said he would agree and note it as a work in progress. District General Manager Winquest said that might be about the auditors ensuring review of internal policies but that he is not sure about that. Audit Committee At-Large Member Dobler said if you read the reports by the auditors, they don't give opinion on internal controls.

2.6.1 - Review the annual internal control audit plan

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said that this is a work in progress.

2.6.2 - Review managements annual assessment of their internal controls for prior year's audit plan

2.6.3 - 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 fraud will not be acceptable in any form ?

Audit Committee Discussion/Comments

Audit Committee At-Large Member Dobler said that we need some discussions as some are very disturbed by this and thought it should be stricken; he then read the item. Trustee Schmitz said that the whistleblower procedure is one step of supporting that and that is how she would look at it. Management is to identify where they have potential fraud risks and how they are going to mitigate, setting the tone at the top, and that is the support for the whistleblower procedure. Audit Committee Chairman Tulloch said it is also about the Dillon's Rule and we don't want to forget that as we need to be sure it is properly observed.

2.6.4 - Committee may identify a need to engage an external internal auditor

Audit Committee Discussion/Comments

Audit Committee Chairman Tulloch said we don't have a specific internal auditor position so this is a work in progress.

- 2.6.5. – Code of Conduct.....
Audit Committee Discussion/Comments
Audit Committee At-Large Member Dobler said we didn't do this task.
- 2.7 Periodically review the District's Code of ConductNot done
Audit Committee Discussion/Comments
- 2.8 Review and refine the procedures for the receipt, retention and treatment of complaints - Whistleblower.....
Audit Committee Discussion/Comments
Audit Committee At-Large Member Dobler said this is a work in progress and it is dependent on the Board of Trustees.
- 2.9 Submit annual report to the Board of Trustees assessing the results of its fulfillment of its duties
Audit Committee Discussion/Comments
Trustee Schmitz said it is a self-assessment.
- 3.0 Meetings**
 - 3.1 - Meeting conducted according to State requirementsAccomplished
Audit Committee Discussion/Comments
 - 3.2 - Meeting held once per quarter14 meetings
Audit Committee Discussion/Comments
 - 3.3 - Review correspondence to determine action. If needed assign responsibility to investigate and resolve to the appropriate organizational leader..... No Authority to assign
Audit Committee Discussion/Comments
Trustee Schmitz said we accomplished that, Moss Adams 2 was one of those, did action and assign responsibility, that is something that we accomplished and that the WB procedure will give us the tool to accomplish this. Dobler said ok, he gets it, look at contracts and four Board policies, accomplished it. Tulloch said add the actions identified by Moss Adams and that Staff put forth the actions to take.
 - 3.4 - Review past correspondence with action outstanding. Ensure responses are taken in a timely mannerNo authority
Audit Committee Discussion/Comments
Audit Committee At-Large Member Dobler said we have a lot of correspondence and that he did work on the air pressure relief valve which

was short \$75,000. That was turned over to Management who hasn't done anything yet and that is 6 months old so it depends on how much time. Audit Committee Chairman Tulloch said when we pass items like this we should set timelines. Trustee Schmitz said that tracking is one of the items with the whistleblower procedure and she thinks it is a work in progress. The whistleblower procedure gives details on tracking, detail and it gives clarity. Audit Committee Chairman Tulloch asked Staff if that is reasonable as the Audit Committee is happy to set some dates? District General Manager Winquest said yes and that Staff will comply.

3.5 - Committee may invite members of management.....Not accomplished
Audit Committee Discussion/Comments
All Audit Committee members agreed that this task was accomplished.

3.6 - Committee Chair establish agenda and provide briefing materialsAccomplished
Audit Committee Discussion/Comments
All Audit Committee members agreed that this task was accomplished.

3.7 - Annual meeting to be held with external auditor, General Manager, the Director of Finance, legal counsel and anyone else to review the annual financial statements and the Comprehensive Annual Report and auditors letter of findingsNOT accomplished
Audit Committee Discussion/Comments
Trustee Schmitz said this was done on January 27.

Audit Committee At-Large Member Dobler said we have to submit a report. Trustee Schmitz said this is what we are doing. Audit Committee Chairman Tulloch said they are all above average. Audit Committee At-Large Member Dobler said that former Audit Committee Chairman Dent isn't here to assess himself. Trustee Schmitz said in her review, there is actually an Audit Committee self-evaluation form and there is a form by the CPA Association that we should review and see if we want to use it. She closed by stating that she appreciates Audit Committee At-Large Member Dobler's work as it was a lot of work, he did a good job and it gave us objectives. Audit Committee Chairman Tulloch said he agrees. Audit Committee At-Large Member Dobler said on Exhibit B, we held 14 meetings with 40 some odd hours and anybody that says that this Audit Committee is not effective would not be quite truthful as we have accomplished quite a bit. Audit Committee Chairman Tulloch said thank you and thank you for the support from Staff. Audit Committee At-Large Member Dobler asked if we should agendize this

item. Audit Committee Chairman Tulloch said he will report on it tonight and he will ask that it be included with the next Board of Trustees meeting packet.

E.4. Review, discuss and agree on the approach of the Audit Committee to facilitating the external audit process for financial year 2020/2021 in accordance with Policy 15.1.0, Section 2.4 including election of a liaison to the Auditor and review actions taken to date including report on meeting with Davis Farr LLC (Requesting Audit Committee Member: Trustee Sara Schmitz)

Trustee Schmitz said she went back and reviewed best practices as well as reviewed charters for Audit Committees and one of the things she did come across is that the liaison was the Board Chair and that she thinks former Audit Committee Chairman Dent was the liaison. Audit Committee At-Large Member Dobler said we elected him. Trustee Schmitz said her recommendation is that we should elect Audit Chairman Tulloch for this fiscal year to that position and that these are two separate subjects.

Trustee Schmitz made a motion that the Audit Committee elects Audit Committee Chairman Tulloch to be the liaison to the external auditor. Audit Committee At-Large Member Dobler seconded the motion. Audit Committee Chairman Tulloch said he would like the flexibility to have two members to meet with the auditor so can you please amend the motion so the Chair can have the flexibility to have two members present? Trustee Schmitz said the motion is so amended that the Audit Committee liaison has the flexibility to have two members of the Audit Committee present to meet with the auditor. Audit Committee At-Large Member Dobler agreed to the amendment. Audit Committee Chairman Tulloch asked for further comments, receiving none, he called the question and the motion was passed unanimously.

Trustee Schmitz then said she had a meeting with Jennifer Farr and she thought it was very productive as Ms. Farr was very open and responsive. Trustee Schmitz said that she likes to do meeting highlights, her comments are in black, and she asked Ms. Farr to review the meeting highlights as she didn't want to share it without Ms. Farr making sure it was accurate as sometimes you can have a meeting and people interpret things differently so Ms. Farr's comments are in red. What we talked about was the discussion about the unaccounted expenses related to the 2018 pond lining project and the air pressure relief valves so what we were talking about was financial concerns that had been brought forward for prior fiscal years. Ms.

Farr was very clear in that they are reviewing this fiscal year, they will not be evaluating prior years, and that any non-compliance with policy issues would be limited to this fiscal year. There were questions from the past and they are not here to try and investigate and resolve any of those issues as they are solely focused on this fiscal year. Audit Committee At-Large Member Dobler said let him clarify as a new auditor cannot go back and change an opinion of a previous auditor so what Ms. Farr is basically stating that she won't go back and restate, however, if Management and the Audit Committee finds things that were incorreced stated in a prior year, you have to bring them forward either as an impairment charge or as a prior period adjustment and that is up to Management and the Audit Committee as to what we want to incorporate in this year's financials and then of course they would audit that because it would be a prior period or impairment charge and the largest would be the impairment charge on the effluent pipeline. So, you are correct in that Ms. Farr can't go back and change an opinion of previous auditor. Audit Committee Chairman Tulloch said he agrees and that would be an expansion of the scope of work and based on the Board resolution of February on the identified changes by Moss Adams, the outstanding issue we need to address is the additional scope of work. He agrees with Audit Committee At-Large Member Dobler that it is not the auditor's work to do the previous year unless there is malfeasance and that would be a forensic audit. Trustee Schmitz said Ms. Farr did say that the issues have been brought to light so they are aware of them. They are doing a bit more testing and to ensure that the problems of the past have been addressed and that they are not continuing to occur. On item 2, she thinks she might need to do a follow up as she doesn't think Ms. Farr understood as Trustee Schmitz didn't think that she wrote it very clearly. What they discussed, specifically, was the issue brought forth by Moss Adams related to the substantial portion and how the Special Revenue Funds were not rolling up underneath the General Fund. So when she wrote this and Ms. Farr reviewed and commented in red, her concern is that she was a bit vague in her description of what they discussed because what we did discuss was specifically the substantial portion concern related to the statements. But Ms. Farr did say GAAP is a bit more of a guideline and there is no hard and fast and that last year's auditors ruled it as acceptable. Ms. Farr did go on to say that it is not aligned with best practices. The way in which we were reporting is not in aligned with best practices. However, it has been getting reported that way for so long, that in our final year of reporting Special Revenue Fund, and we are converting to Enterprise Fund, Ms. Farr didn't necessarily think that it was a good idea to change it because of consistency of the financial reports. They talked a lot about and Ms. Farr

kept saying that there are some gray areas and that it has been getting reported this way and no one has brought this from the State or what have you as an issue and Ms. Farr believes that other entities report in the similar fashion so yes, we didn't necessarily meet the substantial portion but she used the analogy of if she is driving 60 miles an hour in a 55 mile per hour lane, is she really speeding or not. There are guidelines and then there is actually what is going to be enforced. Trustee Schmitz said that she can follow up but Ms. Farr is clearly stating here that she believes that we do need to migrate to Enterprise Funds. So she was saying, yes, she sees it but it has been getting done that way and in your final year do you want to make a change so she was a bit sort of on the fence which supports Moss Adams being here and Eide Bailly being there and that she was definitely straddling the fence on that particular issue. Audit Committee At-Large Member Dobler said one of the bedrocks of accounting is consistency, so for us to turn around, Enterprise Fund going to Governmental Funds and in the Governmental Funds there are Special Revenue Funds and then turning around and making it a part of the General Fund and then the next year coming back to Enterprise Funds, we are destroying all concepts of accounting and reporting so we have to stay with what we have but we have to do proper disclosure and his recommendation to the Audit Committee and to the Management is that we need to disclose that we never qualified for a Special Revenue fund according to GFOA standard but we are keeping it this way for a consistency point of view otherwise the whole intent is consistency and we would be absolutely just blowing that way and in his opinion that would be more destructive. Trustee Schmitz said that Ms. Farr said that consistency at that point would have been more important. Audit Committee Chairman Tulloch said without that we won't have any year over year comparisons and that wouldn't be good for transparency. Overall, he supports that concept of consistency. Trustee Schmitz said she was asking that question and she felt comfortable with her response and better to leave it as reported and while it is not best practices, move forward. In discussing the Utility Fund and Engineering, Engineering internal charges specifically, her suggestion was on a periodic basis, there should be a cost basis study done by an external resource and that the Board should, every couple of years, have someone from the outside look at how we are doing cost allocations and provide a recommendation. The fact that the Board doesn't understand how the internal charge backs are done should be something that is done and understood by the Board of Trustees and she recommends that the Board of Trustees hire an external resource to look at a variety of items and do so as one scope of work. Audit Committee At-Large Member Dobler said the problem with the Engineering Department is that they are

only supposed to be working on new projects and they sometimes don't get off the ground. His position is they are an expense across the board. On the effluent pipeline, they ran up a \$1 million in fees. The Engineering Department works in a lot of different areas such as Parks and Recreation repair. The Engineering Department may get involved so an expense across the board and allocation into capital projects is not a good idea. Trustee Schmitz said that is something that she recommended and that she suggested the same approach with Information Technology. We need to have an assessment done and then decide how to handle it. Audit Committee Chairman Tulloch said he is very familiar with that and there is no one leading the practice as it depends on how you want to capture the costs. Is this something where a recommendation is coming from Davis Farr? Trustee Schmitz said it wasn't anything rather she just met with Ms. Farr and she and Ms. Farr just had a nice conversation. She hasn't reviewed or discussed this with General Manager Winquest and that she believes that the Director of Finance Navazio is putting forward a scope of services for this and maybe we need to broaden it; she will follow up. District General Manager Winquest said he had similar conversations with Moss Adams, it is different at every agency, depends on the agency itself, and the statement that Audit Committee At-Large Member Dobler made was accurate on how Engineering works as they have to follow up on upcoming projects, completing projects, and having discussions with partners. He has asked our Director of Public Works to take a look at this as it is a point of contention so it is important to get on the same page on how we are allocating these costs. Staff needs to clarify on tightening this up. Audit Committee Chairman Tulloch asked if this will be a formal proposal to the Board of Trustees? District General Manager Winquest said he can discuss with Staff. Director of Finance Navazio said he would clarify that Staff is not working on an outside consultant but we are working on the policy and documenting how we are doing this process as one of the findings, from Moss Adams, is that our back up was lacking. Trustee Schmitz said that she did highly recommend a consulting firm to do this and getting best practice and that is her recommendation hands down. Director of Finance Navazio said if you are doing Federal granting accounting and central service allocation and Engineering, Fleet, and Information Technology is none of the above; 100% direct costs for work done at Utility. Trustee Schmitz said perhaps we do need to make a recommendation to the Board of Trustees? Audit Committee At-Large Member Dobler said he would like to have session on this because as he looks at IVGID, which has massive infrastructure, and anyone who says they have engineers on board all the time, the idea he is asking, is traditionally, have we charged off all of the Engineering to capital projects?

He would think that most is general and administrative. His concern is doing cost allocation and that it should be no different than Accounting, Information Technology or Human Resources. Audit Committee Chairman Tulloch said he has sympathy for that view. It is agreed, by the governing body, that a certain amount/percentage goes to capital and then some goes to administrative and that the flip side is to account for every 15 minutes for work. Director of Finance Navazio said to respond to Audit Committee At-Large Member Dobler, about 85% of Engineering is to be charged to capital projects and 15% is operations and maintenance. If it is the intent to capture the full costs of capital and charge thusly, everyone needs to be comfortable with how that is being done. Audit Committee Chairman Tulloch said it is a major item, he is not sure what the proper way would be to do this, might be outside our scope, and a finding from auditor might be one direction to go. It seems like this is to be a hot topic and that advice from Davis Farr is consistent with his own experience and the best is to have a clear, concise policy. This should be two or three weeks work for a consultant so it is not a huge undertaking. Trying to charge hour by hour can also be counterproductive. District General Manager Winqest said his recommendation is for the Audit Committee to formally agendaize and item to make a recommendation to the Board and work on a scope of work. Staff supports this matter and getting an accurate reading on how much time should be spent; we would benefit from outside resources. Trustee Schmitz said that the Audit Committee shouldn't be agendaized it as it doesn't fall within their responsibilities. Rather this is a topic that the Audit Committee has discussed and that this falls under the Board of Trustees and Staff as opposed to an Audit Committee meeting. Audit Committee At-Large Member Dobler said he disagrees completely as allocating costs is an accounting issue. At the end of the day, it has to be decided on an appropriate way to do it – it becomes how do you account for it? He thinks it is an Audit Committee item. Audit Committee Chairman Tulloch said he is sitting on the fence here. There is a strong case that if that is a finding from the auditor and that may be the way to do it, then it is not appropriate for the Audit Committee to review it. It is very easy to hide costs in capital costs as he has done it in past careers. Trustee Schmitz said perhaps we ask the auditors if this is going to be a formal recommendation and if not, then she thinks management and the Board of Trustees needs to carry the baton. District General Manager Winqest said he understands both sides of this issue and it is more about recommending that the Board of Trustees address this with the assistance of Staff. Audit Committee Chairman Tulloch said perhaps it is a joint recommendation by the Audit Committee and the District General Manager and that the position is the Board of Trustees to decide so

that might be the approach. He will sit down with the District General Manager to draft the memorandum to the Board of Trustees. It is a hot topic and he knows that Staff is getting inundated with public records requests. Trustee Schmitz said we discussed the financial health of the Utility Fund and it was suggested that there should be better disclosure on the \$2 million and then she read what she wrote/said. She doesn't know what the resolution was when the \$2 million began and that her concern is that if those funds were for that project, they can't use it for other projects. Look at the agenda today and you will see that \$1 million is being used. Audit Committee At-Large Member Dobler said that the rates have to be done every year, it said what it is being used for, redirect \$1 million for the SPS and pond and that the resolution is just a document - what is the intent? The Utility rate is the important document and the resolution is the cover. We need to get into substance, former General Counsel Guinasso's play was to attach it to the document, and because it wasn't stapled, we need to get back to what we are doing. It is spelled out in the rate study and not in the resolution. Director of Finance Navazio said how the rate is set, what it is being used for, and there is more than \$2 million. Through Board of Trustees action, it is reserved. There is still an open question regarding the amount being collected as it all comes in and is bundled together so we need to be clear on what is to be done. Audit Committee Chairman Tulloch said perhaps it is covered under the attorney/client privilege. Audit Committee At-Large Member Dobler said it is not gray and there is mixed intent. The Board of Trustees has to have common sense and that when the bank account is zero, they have to release those funds. It gets down to intent. We all know what we are doing, the Utility Fund is broke, and a lot of money was diverted, and project summaries were changed, and so let's be serious for once. Trustee Schmitz said it was properly disclosed on the financial statements. Audit Committee Chairman Tulloch said absolutely as we publish a tariff document with rates and the intent was to collect that money for the pipeline. This is not an Audit Committee thing but maybe it time to fess up and say it was used for something else. He agrees about intent and that we should come clean and make a clean breast with it. Have the auditors brought it up at this stage? Director of Finance Navazio said they are aware of the issue, seen some of the Moss Adams and Eide Baily information, there is disclosure in the financial statements, and the matter is really about the restriction. Audit Committee At-Large Member Dobler said it is the highest level of decision making authority. He had this discussion two or three years ago, former District General Manager Pinkerton is right, and how much do we build this fund up to while we decide? This project should be bonded in the first place. We don't have any reserves and we need \$10 or \$11 million

in reserves. We have shoe stringed this thing, ran into a hole, fess up to it, and state why we are doing this \$2 million when we should be bonding it. There is no point and this has been five years of horsing around. Staff keeps on changing the project summary which he doesn't get it. Audit Committee Chairman Tulloch said he agrees and we shouldn't be trying to collect in advance when we should be bonding. Audit Committee At-Large Member Dobler asked what our credit rating was as money is cheap and that he has had enough of it. Trustee Schmitz said the last thing they discussed was standby fees and over collecting the fees. They discussed it and when budgeting the numbers, it should be more accurate so not over collecting. The Board of Trustees did reduce the facility fees this year and said we need to make sure we are budgeting accurately so we don't build up excess fund balance. She thought it was a great conversation that went over 90 minutes, and that Ms. Farr is easy to converse with and that she appreciated her time. Audit Committee Chairman Tulloch said he is in broad agreement and it should be an issue with the Audit Committee and discuss if it should be one of her recommendations. Audit Committee At-Large Member Dobler said he would like to discuss it more but not today.

E.5. Review, discuss and possibly consider recommendations for modification 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 Tulloch said it has been on the agenda for a couple of instances and it is also on the Board of Trustees agenda. His suggestion, to the Board of Trustees, is to delay this as we have been going the achievements etc. and we have identified a number of changes. He would like to go through this document item and item, do so offline, and come back with suggestions. He thinks that the Board of Trustees is open to suggestions from the Audit Committee as this could turn into another whistleblower situation thus it is appropriate to give some recommendations on it. Audit Committee At-Large Member Dobler said it would seem to him that we had a first year with an extensive policy and that the previous policy was one page. Now, we are ready to amend it and get a better policy but this is a Board policy and the Board tells us what to do as we make only recommendations. It seems like the Board of Trustees wants to be in competition with the Audit Committee and that we haven't filed our annual report. Now they are looking to change our policy and they go out and get a consultant that tells us that the Audit Committee has issues. He doesn't feel like going through the hoopla if the Board is going something else. He wants

to have Chris Nolet join the Audit Committee because he has the time for meetings as we can't get one member to show up for our meetings. Trustee Schmitz said she agrees with Audit Committee At-Large Member Dobler and that what we should do is to provide our report back to the Board of Trustees on our ability to deliver. By providing that report, it clearly identifies the area where modification is needed and request that the Board of Trustees give us the opportunity to provide recommendations to this policy as we have been working really hard and we know what works and what doesn't therefore she would request that the Board of Trustees gives us time to reflect with Audit Committee At-Large Member Dobler's excellent report and gives us the areas to review and make modifications. Audit Committee Chairman Tulloch said he is in agreement with both of you and the recommendation is to appoint Mr. Nolet and includes a request along these lines; he is in agreement with that. He has seen some changes over the year, and when you review Audit Committee At-Large Member Dobler's report, you can see some huge changes. It is all up to the Board of Trustees on accepting the recommendations and his preference to move forward.

Audit Committee Chairman Tulloch made a motion to delay further in depth analysis of this policy and request direction from the Board of Trustees and a state of execution to review this and if the Board wishes to move ahead without that input. Audit Committee At-Large Member Dobler seconded. Audit Committee Chairman Tulloch asked for further comments, none were received, so he called the question and the motion was passed unanimously.

F. LONG RANGE CALENDAR REVIEW (for possible action)

Review, discuss and possibly agendaize for future Audit Committee meetings outstanding items on the Audit Committee agenda (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch)

The Audit Committee discussed their long range calendar with the following highlights:

- ✓ Ms. Jennifer Farr has asked for a date to meet with the Audit Committee in August and that the Audit Committee can pick that date so that she has a deadline.
- ✓ Next Audit Committee meeting is August 10 at 3 p.m.
- ✓ Audit Committee At-Large Member Dobler said he will submit more comments on the long range calendar.

- ✓ Audit Committee Chairman Tulloch said he will get with former Audit Committee Chairman Dent to see what is outstanding.
- ✓ Trustee Schmitz said that there is some thing from Moss Adams that she may wanted added to the long range calendar.
- ✓ Audit Committee Chairman Tulloch asked that all Audit Committee Members provide him with the long range calendar input.

Director of Finance Navazio said one of the things he was working with former Audit Committee Chairman Dent on was a standing item for an update of internal controls and the audit. He will work with Audit Committee Chairman on those two items. Audit Committee At-Large Member Dobler asked, regarding a standing item on the agenda, are we going to get an update that we are working on the internal controls or that it has been busted down into ten or twelve pieces and a date for when we will see first piece? Director of Finance Navazio said he would argue that you have seen the first pieces and an overview and that Staff is continuing to work with Audit Committee At-Large Member Aaron to provide meaningful information. Audit Committee Chairman Tulloch asked for the next Audit Committee meeting to have an agenda item, from Staff, on that status and work plan as that would be a good start.

G. COMMUNICATIONS RECEIVED (for possible action)

Acknowledge communications that have been received (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch)

G.1. Memorandum from Clifford F. Dobler; Subject: Misallocation of Investment Earnings on Cash, Cash Equivalents and Investments - fiscal year 2019 and 2020.

Audit Committee At-Large Member Dobler said this memorandum is how we recorded our investments as we have around \$30 million of cash and that we use the State investment pool (LGIP). Thus, all funds go into one pot and the earnings should be made back to the relative funds as appropriate from each fund. Most of the money was being recorded in the General Fund and the problem is the General Fund only had a minimal amount so we have to make an adjustment to our financials, a prior period adjustment, which we need to bring up with the auditor as Staff is already aware of it. We also need to check to see how it happened. We have to get the money in the right slot because we keep assessing a fee but we might not have to if the money is recorded in the prior place. Director of Finance Navazio said Staff is looking

at this issue and we can come back with a report on what has been and what are doing regarding proper reporting. He will circle back with Audit Committee At-Large Member and the Audit Committee. Audit Committee At-Large Member Dobler said that the key idea it is an error therefore how would we report it in this upcoming comprehensive annual financial report? We need that advice from Davis Farr as to whether or not it is a prior period adjustment, etc. as he thinks it is restatement. Director of Finance Navazio said there are two parts – history and accounting going forward. Audit Committee Chairman Tulloch said Director of Finance Navazio and Audit Committee At-Large Member Dobler will have this as an action item and can report back.

H. APPROVAL OF MEETING MINUTES (for possible action)

H.1. Audit Committee Meeting Minutes of June 9, 2021

Audit Committee At-Large Member Dobler said that what happened here was he submitted an agenda item with several bullet points and that the narrative doesn't agree with bullet points in the meeting minutes. He talked to the District Clerk prior to the meeting and that he will provide a rearrangement. Hearing no further comments, the Audit Committee Meeting Minutes of June 9, 2021 were approved as amended by Audit Committee At-Large Member Dobler.

H.2. Audit Committee Meeting Minutes of June 29, 2021

Audit Committee Chairman Tulloch asked for changes, none were received, the June 29, 2021 Meeting Minutes were approved as submitted.

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

Frank Wright said he has listened to most of the meetings as does Dick Warren. Read his letter and commend the things you have done as it has been spectacular. He appreciates the honesty integrity and outstanding ability you have in moving this District in the right direction. He doesn't know if we will be able to overcome everything, hopefully the Board will figure out their job, as we have a lot of problems and they are big ones. He also hopes they start taking you really seriously and he doesn't think that a community has any better people. You are fantastic. Wish we had better management with integrity as we have people who fool us. It is going to

be exposed and his fears are the incompetent Board members and the money we have spent on this lawsuit. Time wasted, money wasted, and lies continued to be perpetuated. We are going to be getting those e-mails and seeing how this place operates. They should have been given us to us in the first place. There is something in there they don't want out. When it does come out, they will be held responsible. The charade has gone on long enough and he hopes the Audit Committee makes a recommendation to do a forensic audit. He is going to reiterate it at the Board meeting.

J. ADJOURNMENT (for possible action)

The meeting was adjourned at 5:40 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.