



**Incline Village General Improvement District
Audit Committee**

*Sara Schmitz, Trustee
Raymond Tulloch, Trustee
Vito Brandle, Committee Member*

MEETING MINUTES

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AUDIT COMMITTEE MEETING
HELD IN INCLINE VILLAGE ON June 17, 2024**

*Viewing available by clicking the link and choosing BOT Meeting 06.17.2024 at <https://livestream.com/accounts/11122478>

The Regular Meeting of the IVGID Audit Committee was called to order at 4:14 P.M., on June 17, 2024.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS

Committee Member Vito Brandle, Trustee Schmitz, and Chairman Tulloch were present.

B. PUBLIC COMMENTS

Caller 0996 - Chris Nolet provided public comment regarding the Meeting Minutes for approval and Audited Financial Statements - the 2023 ACFR is not Audited.

C. APPROVAL OF AGENDA

The Agenda is approved as submitted, no exceptions noted.

D. GENERAL BUSINESS ITEMS (for possible action)

- 1. Review, and Discuss the Fiscal Year 2023 - 24 Annual Audit Schedule and Requirements. (Requesting Staff Member: Assistant Director of Finance Adam Cripps)**

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Assistant Director of Finance Adam Cripps provided a brief opening statement, outlining the scheduled engagements with the Davis Farr Group, outlining the inventory counts scheduled right before the end of the fiscal year as requested by the Audit team. Mr. Cripps then opened the floor to Ms. Jennifer Farr to provide additional detail and timeline of the 2023-24 Annual Audit.

Ms. Farr began by saying that the team is in the infancy of planning for the upcoming audit. She further confirmed the planning of inventory audit procedures and that the Audit team has about 2 weeks of field work that is scheduled for mid-July. The Team will be looking at internal controls and doing testing on those controls. The audit Team will also need to do a risk assessment for the upcoming audit to determine where the Audit procedures will be focused, and then they will also talk about the scheduling and timing of the Audit. At that time they will get an update on the bank reconciliations and how the year closes. From that point the team will be able to provide a rough timeline for the remainder of the audit.

Jennifer Farr added that Davis Farr has made some preliminary requests of the District finance Department, that are due by July 15, 2024.

She went on to say that the Audit has not started, and that Davis Farr does not have an engagement letter, and have not done any planning yet.

Trustee Schmitz took the floor and stated that she seemed to recall that in past years the district usually had a calendar for the Audit processes in May, and asked if the delay until July would put the timely completion of the Audit at risk?

Ms. Farr explained that the timing of the audit has to do with how long it takes for the books to be closed for June 30, 2024, for all of the year internal entries to be recorded, and all of the audit request items to be provided. At that point the bank reconciliations are done, the account reconciliations are done, and the audit requests are provided. After that, the Audit team is able to start the audit. She expanded to say that whether the audit team perform planning procedures in May, July or August is not really going to impact the final audit. The Timing of when those numbers are entered into the accounting system, complete, and ready for Audit will. Currently the Audit team does not know what that timing is.

Following additional discussion, Trustee Schmitz went on to ask Ms. Farr if

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there was any additional work that she needed to do or that staff needed to do relative to the 2022/23 audit, to verify balances?

Jennifer Farr explained that due to the ending balances of 2022/23 that Davis Farr will have to evaluate whether or not they could express an opinion on the June 30, 2024 District Financial Statements, the district finance department will need to determine whether or not that is a Goal. The Audit Committee Should determine whether or not that is a goal, and then Davis Farr will need to determine whether or not that is feasible.

Jenifer added that the first step in removing the disclaimer of opinion would be having the Forensic Due Diligence Audit completed, and available to the Davis Farr Group in order to allow them to determine whether or not it has an impact on their audit risk and how they design their procedures. If the Due diligence audit identifies areas of concern, then the group will have to take that into consideration when they design their audit procedures, and its impact on the Davis Farr Group performing additional audit procedures.

She continued by saying that the second hurdle would be determining whether or not they could obtain sufficient auditive and evidence on those beginning balances that were essentially unaudited last year. This would involve additional testing.

Davis Farr would be looking at the subsequent period, evaluating transactions to determine whether or not there are proper cut offs, and if the transactions were properly recorded in the current period. So that's all something that will be discuss during the interim audit.

“Where are we? What is the goal? Is the goal to not have a disclaimer of opinion for June 30, 2024? Is that feasible? And if so, what are the steps to get us there?”

Following up on Jennifer Farr’s explanation, Trustee Schmitz requested that the Committees goal be to not have a disclaimer of opinion.

Chair Tulloch was in agreement with the goal and asked if we have to revisit last year’s numbers in order to make sure that the closing balance is the balance that you are starting with?

Ms. Farr confirmed Trustee Tulloch’s question and reiterated that step one would be to make sure that the due diligence audit is completed, because she is going through the process of retesting or reevaluating those last year's ending balances for the beginning year. This year's current balances is kind of an unnecessary step. If we can't get past hurdle number one but assuming that the due diligence audit procedures are completed and the report is

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complete, Davis Farr would have to perform additional procedures to get comfortable with those account balances.

Trustee Tulloch then asked if Ms. Farr had an estimate of the additional work involved to clear up the 2023 audit, so that the District could start on the 2023-24 process.

Jennifer far responded that it is hard to tell at this time. She stated that “When we do perform our interim planning procedures that are starting on July 15th We'll have a better idea, at that time regarding how things are going in terms of timeliness, account reconciliations. Has there been a big, clean-up effort? Are the accounts and records in excellent shape. Are we now able to rely on that documentation? It's one of those things where it's just challenging to tell you what the end result might be without seeing what's been going on during the year.

Tulloch then asked if the Accounts and records were in excellent shape and the documentation was able to be relied on if that would remove the Disclaimer on the 2022-23 and resolve the matter.

Ms. Farr further clarified that it would not be her intention to reissue the June 30, 2023 audit, only to evaluate whether it is possible to issue the June 30, 2024 Audit without a disclaimer.

Following additional discussion between the committee and staff, Trustee Tulloch set the date for the next Audit Committee meeting for July 29th for an update on the audit process so that he could provide a report to the Board of Trustees.

2. Verbal Update on the Due Diligence Audit. (Requesting Committee Member: Trustee Raymond Tulloch)

Trustee Tulloch provided a brief verbal update to the committee, and indicated that he had spoken with Rubin Brown on the phone. He went on to say that Rubin Brown was still working through some emails and Chair Tulloch understood that they would be requesting further information from the District General Manager, and the Assistant Director of Finance. Trustee Tulloch has requested that Rubin Brown present a report to the Board of Trustees on July 10, 2024 Board meeting.

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**3. Review and Discuss the Status of the Audit Committee Applicants.
(Requesting Staff Members: Assistant Director of Finance Adam Cripps,
and District General Manager Bobby Magee)**

Assistant Director of Finance Cripps provided a brief update regarding the Audit Committee Applicants and Applications, and provided a basic timeline of where staff is. He stated that at the April 24th Board meeting Item E.1. was discussed and that the board directed the Audit Committee Chair, Trustee Tulloch to work with staff to update the advertisement for candidates for the Committee. Additionally, at this time Staff is still waiting for that information.

Trustee Tulloch asked General Manager Magee to have staff contact him so that the advertisement can move forward.

E. LONG RANGE CALENDAR REVIEW

July 29, 2024 – Review and Discuss Due Diligence Audit Findings
GM Magee to find working list of Audit Committee Items from Previous Audit Committee

F. MEETING MINUTES (for possible action)

- 1. Approval of the Audit Committee Meeting Minutes for March 7, 2024.
(Requesting Staff Member: District Clerk Heidi White)**
- 2. Approval of the Audit Committee Meeting Minutes for March 25, 2024.
(Requesting Staff Member: District Clerk Heidi White)**

Motion to Approve the Meeting Minutes of March 7, 2024; and Meeting Minutes for March 25, 2024 as modified and noted (typographical changes and clarification related to the Audited or unaudited Financial Statements related to the Disclaimer of Opinion) What was said on the record is what is reflected in the meeting minutes.

Unanimously approved with a Vote of **3/3**

G. PUBLIC COMMENTS

There were no public comments.

H. ADJOURNMENT (for possible action)

The IVGID Audit Committee Meeting of June 17, 2024
Adjourned at 4:58 P.M.

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