



August 14, 2024

Audit Committee
Incline Village General Improvement District
Incline Village, Nevada

This letter is provided in connection with our engagement to audit the financial statements of the Incline Village General Improvement District ("District") as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated June 24, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the entity's Annual Comprehensive Financial Report ("ACFR") includes only the information identified in our report. We have no responsibility for determining whether the Introductory Information, the Statistical Information, and the Continuing Disclosure Section of the ACFR is properly stated. We require that we receive the final version of the ACFR in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and, in any case, prior to the entity's issuance of such information.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Timing of Audit

We began our audit planning procedures in July 2024 and plan to begin our final audit examination in October 2024, assuming the books are closed and ready for audit. We will present the audit reports and results of the audit to the Audit Committee at the completion of the audit.

Audit Risk Areas

In addition to our standard audit approach, our engagement team plans to expand our testing in the following areas:

- Risk of fraud related to matters noted in the Due Diligence Audit: We will review the Due Diligence audit report when it is finalized to determine if any of the matters noted increase the risk of fraud or error in the financial statements. We will develop additional audit procedures to address those risks for the fiscal year ended June 30, 2024.
- Risk of errors recording capital assets: Due to audit committee concerns about capitalized assets, we will select a sample of capital asset additions to ensure the transaction meets the capitalization criteria defined by the Board policies.
- Risk of errors due to prior year disclaimer of audit opinion: We plan to perform additional audit procedures to ensure proper revenue cutoffs and other procedures to ensure the beginning of year balances do not contain a material misstatement as the prior year audit cannot be relied upon to support the beginning of the year balances due to the disclaimer of audit opinion.

August 14, 2024
Audit Committee

- Risk of federal grant noncompliance: We will evaluate the District's federal grants and loans to determine which grants and loans are required to be audited under the Federal Uniform Guidance. We will test those grants for compliance with the Uniform Guidance and the applicable grant agreements.
- Each year we are required to incorporate an element of unpredictability into our audit approach. This year, we plan to select a sample of purchases and test for compliance with the District's purchasing policy.

Fraud Inquiries

Professional auditing standards require that, as a part of our audit, we inquire of those in governance to ascertain whether or not the Audit Committee (the "Committee") has knowledge of matters that might have a bearing on the auditor's risk assessment for the annual audit of the District's financial statements.

Examples of these matters are:

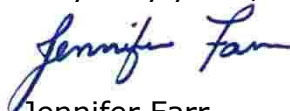
- Known or suspected instances of employee fraud
- Areas in which the internal controls of the District are thought by the Committee to be weak
- Known or suspected misstatements in the accounting records of the District
- Known or suspected use of improper accounting practices by the District
- Any awareness of pressure upon the District or District management with respect to achieving certain financial results
- Matters that warrant particular attention during the audit
- Information about unusual transactions or other matters relevant to the audit

Generally, the scope of the audit is limited to *matters involving amounts that would be significant to the financial statements of the District taken as a whole*. If additional time is required to respond to the concerns of the Committee, we will estimate for the District the costs involved.

This information is intended solely for the information and use of the Audit Committee and Management of the Incline Village General Improvement District and is not intended to be and should not be used by anyone other than these specified parties.

If any member of the committee has information relevant to our audit (matters involving amounts that would be significant to the financial statements of the District taken as a whole), please contact the undersigned at (949) 783-1740 or JFarr@davisfarr.com.

Very truly yours,



Jennifer Farr
Davis Farr LLP