



**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 August 20, 2024**

*Viewing available by clicking the link and choosing BOT Meeting 08.20.2024 at <https://livestream.com/accounts/11170387> or it the Civic Clerk Portal at: <https://ivgid.portal.civicclerk.com/event/474/media>

The Regular Meeting of the IVIGD Audit Committee was called to order at 1:30 P.M., on August 20, 2024.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS

Roll Call: Committee Member Vito Brandle, Trustee Schmitz, and Chair Tulloch were present.

B. PUBLIC COMMENTS

Public comments were provided by Aaron Katz (written statements are included for the record), Cliff Dobler, and Chris Nolet.

C. APPROVAL OF AGENDA

Motion to move Agenda Item D.3. to become General Business Item D.1.; Item D.2. to email as Item D.2.; and Item D.1. to become Item D.3.

This Motion was unanimously Approved

Incline Village General Improvement District

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D. GENERAL BUSINESS ITEMS (for possible action)

3. Receive a Verbal Report from the Interim District General Manager on the staffing levels and work backlog in the accounting/finance department including current open positions (Requesting Staff Member: Director of Human Resources Erin Feore)

Director of Human Resource Erin Feore provided a brief overview of the current staffing levels and work backlog in the Accounting/ Finance Department, including current open positions. She stated that the following positions were not budgeted for fiscal year 2024-25. There is no budget for the Director of Finance Position, the 3rd accounting position, and the revenue manager position for FY 2024-25. Director Feore then listed the positions that were budgeted for the fiscal year.

Trustee Sara Schmitz asked for clarification regarding the positions that were approved in the budget process.

Committee Member Brandle asked Director Feore how many positions are open to be filled that are budgeted? Chair Tulloch followed up on Mr. Brandle's question, and asked how many positions were unfunded that the board believed were going to be funded per the approved Budget.

Following additional committee and staff discussion, Director Feore intends to contact the General Manager Magee and get his input prior to the Board Meeting this evening.

Director Feore confirmed that there are two positions that are open, un-budgeted and unfunded.

2. Review, Discuss, and Approve the Davis Farr Engagement Letter, Davis Farr Annual planning Communication Timeline, and Actions for the Fiscal Year 2024 Annual Audit. (Requesting Staff Members: Finance Department, and Jeff Ball with Davis Farr)

Mr. Jeff Ball provided a review summarizing the information in the Audit Planning Communications letter, to include the timeline, scope of work, and the risk assessment process.

Committee Member Vito Brandle asked about the engagement letter, and the information in the Rubin Brown findings

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Item D.2. continued

Trustee Schmitz asked for the scope of work to be verified, and that Davis Farr provide a schedule, timeline and details with cost estimates.

Chairman Tulloch asked if the second and third items on the engagement piece would complete the work that is outstanding for the 2023 Audit.

Mr. Ball clarified that this would only be to establish and verify the ending balances for 2023 and the beginning balances for 2024 balances are accurate, not to reissue or remove the disclaimer of opinion for the 2023 Audit.

Tulloch went on to ask how much of this information (documentation/ data) is still outstanding from last year?

Chair Tulloch went on to clarify that the final draft of the Due Diligence Audit did not change the findings, it just added clarifications and definitions.

Mr. Ball would not speculate on the testing that Davis Farr will be doing and the possible outcomes.

Trustee Schmitz asked that the final engagement letter should have a noted "not to exceed amount".

The Audit Committee directed staff to work with Davis Farr to make the changes as requested and, once modified, to bring the Engagement Letter back for approval by the Audit Committee.

1. Review, and Discuss the Rubin Brown, Final Due Diligence Audit Findings, and provide recommendations for follow-up actions. (Requesting Committee Member: Chair Raymond Tulloch)

Trustee Tulloch provided a brief explanation of the changes as requested by the Board.

Trustee Schmitz commented on page 7 of the report HRA, the FSA bank balance, and HSA draw down on the HR payroll accounts. She also had questions related to vendor accounts. Trustee Schmitz asked if Rubin Brown would be providing the documentation so that the district would be able to follow up and for corrective action.

Trustee Schmitz will put a list of questions together for Rubin Brown to address.

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Item D.1. continued

Mr. Brandle asked when we would put together a plan to address these issues. Trustee Tulloch stated that the audit committee can make recommendations, and support the board, but at this time the action lies with the Board.

4. Update on Applications for possible Audit Committee at Large Members. (Requesting Committee Member: Raymond Tulloch)

Trustee Tulloch provided a brief update to the committee on the status of the Audit Committee applications. To date, the committee has received inquiries from 10 individuals who have expressed interest. Those who have expressed interest have not provided resumes, or detailed backgrounds at this time. Staff will be following up with these applications.

E. LONG RANGE CALENDAR REVIEW

The Long Range Calendar will be updated once Chair Tulloch has an Audit timeline.

F. MEETING MINUTES (for possible action)

G. PUBLIC COMMENTS

Public Comment was provided by Cliff Dobler and Chris Nolet

H. ADJOURNMENT (for possible action)

The IVGID Audit Committee Meeting Adjourned at 2:49 P.M.

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**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE
WRITTEN MINUTES OF THE IVGID AUDIT COMMITTEE’S AUGUST 20,
2024 MEETING – AGENDA ITEM D(2) – AUDITOR ENGAGEMENT**

Introduction: Well here’s yet “another one” as my friend DJ Kahled would say¹. More evidence of staff incompetence, lack of knowledge and professionalism, and a flagrant disregard for the financial sustainability of the District. This time it’s staff’s willingness to enter into any agreement just so we can engage an auditor. And that’s the purpose of this written statement.

My August 13, 2024 E-Mail to The Committee²: On August 13, 2024 I sent the Committee an e-mail wherein I objected to our auditor’s proposed engagement letter. My objections were not limited to the one-sided contents, but also the fact that relevant materials were not included in the original Committee packet. Rather than recounting the substance of my comments, I refer the reader to said Exhibit “A.”

My August 19, 2024 E-Mail to The Committee³: On August 19, 2024, after staff had yet again added additional materials to the Committee packet, I sent the Committee another e-mail wherein I objected to our auditor’s proposed engagement letter. My objections were not limited to the one-sided contents, but also the fact that: relevant materials were not included in the original Committee packet; and some unknown employee had pre-signed our auditor’s engagement letter in lieu of who is supposed to be our CFO (i.e., Adam Cripps). Rather than recounting the substance of my comments, I refer the reader to said Exhibit “B.”

Conclusion: Every day that goes by, we learn how dysfunctional this District really is. Unprofessional and wasteful conduct occurs g over and over and over again. Unqualified, incompetent and over compensated staff get replaced by even more unqualified, more incompetent and more over compensated staff. And look at the results. No effort to eliminate wasteful expenditures nor to protect the public from one-sided engagements like the one the subject of this written statement. As I’ve pointed out so many times before, these are all the red flags of a criminal

¹ Go to <https://medium.com/cuepoint/the-old-people-s-guide-to-dj-khaled-5618a5aa52b1#:~:text=Another%20One%20%E2%80%94%20One%20of%20the,of%20shoes%2C%20or%20something%20else.>

² That e-mail is attached as Exhibit “A” to this written statement.

³ That e-mail is attached as Exhibit “B” to this written statement.

syndicate⁴. And then you wonder why your Recreation (“RFF”) and Beach (“BFF”) Facility Fees continue as involuntary subsidies, and they are as high as they are?

When is the Board going to put members’ collective feet down and put an end to these practices? Given NRS 318.515(1) states that where the: “(a) district...is not being properly managed; (or, its) (b) board of trustees...district is not complying with the provisions of...any other law;” when will the Board notify the Washoe County Board of Commissioners to hold a hearing to consider whether to: (a) adopt an ordinance (substituting)...the board of county commissioners, *ex officio*, as the board of trustees of the district; (b) adopt an ordinance providing for the merger, consolidation or dissolution of the district...(c) file a petition in the district court for the county in which the district is located for the appointment of a receiver for the district; or, (d) determine by resolution that management and organization of the district will remain unchanged?” Don’t you think the time has come to become fiscally responsible and for the county to assume supervision over the district?

Respectfully submitted, Aaron Katz (Your Community Watchdog Because Nearly No One Else Seems to be Watching).

⁴ NRS 207.370 instructs that “criminal syndicate means any combination of persons, so structured that the organization will continue its operation even if individual members enter or leave the organization, which engages in or has the purpose of engaging in racketeering activit(ies).”

EXHIBIT "A"

August 20, 2024 Audit Committee Meeting - Please Do NOT Sign Our Auditor's Proffered Engagement Letter! It Requires Modification

From: <s4s@ix.netcom.com>
To: Schmitz Sara <schmitz_trustee@ivgid.org>
Cc: Matthew Dent <dent_trustee@ivgid.org>, Michaela Tonking <tonking_trustee@ivgid.org>, Dave Noble <noble_trustee@ivgid.org>, Bobby Magee <bma@ivgid.org>, Mick <homan4ivgid@gmail.com>, Michelle <jczycki4ivgid@gmail.com>, Dobler Cliff <cfdobler@aol.com>, Tulloch Ray <tulloch_trustee@ivgid.org>
Subject: August 20, 2024 Audit Committee Meeting - Please Do NOT Sign Our Auditor's Proffered Engagement Letter! It Requires Modification
Date: Aug 13, 2024 4:26 PM

Chairperson Schmitz, other Honorable Members of the IVGID Board, Mick and Michelle -

I am in receipt of Cliff Dobler's e-mail below.

I am shocked to learn there are no longer members at large on the District's Audit Committee to review niceties such as an engagement letter with our auditor. And this shortcoming has a direct impact on DavisFarr's audit engagement letter our auditor represents has not as of yet been executed. The purpose of this e-mail is to demonstrate why the District should not enter into such an agreement without major modifications.

Although I haven't seen DavisFarr's letter of engagement, I have every reason to believe it:

1. Includes a disclaimer absolving DavisFarr from responsibility to root out, investigate and report fraud (that is management's responsibility); and,
2. Calls for an audit which ascertains whether financial transactions have been properly recorded.

If I am correct, this absolution is irresponsible. We already have allegations of fraud or risk of fraud in our financial reporting (RubinBrown Forensic Due Diligence Audit Report). Why would we rely upon management to root out and address claims of fraud when here management are the very persons who are alleged to be perpetrators of that fraud? Language to this effect in any engagement letter needs to be excised from the proposed agreement with DavisFarr.

Insofar as what constitutes an audit, I again call your attention to NRS 354.486. This NRS defines 8 acceptable kinds of audit. NRS 354.624 which requires annual audits does not specify the precise type of acceptable audit which must be conducted. An audit which merely ascertains whether the District's financial transactions have been properly recorded is an absolute waste. What would be far more valuable for us is determining whether: a) fiscal controls established by law and administrative regulations are being properly applied; or, b) there is any evidence that fraud or dishonesty in the handling of funds or property. Especially given the fact I have alleged on several occasions the District is not being properly managed, in part, because of the inability to comply with NRS/NAC provisions.

I see an audit committee meeting is scheduled for August 20, 2024. I ask these matters be agendized for discussion and possible action. If they aren't, the Board will again be committing acts evidencing mis-management.

Thank you for your cooperation. Aaron Katz

-----Original Message-----

From: cfdobler@aol.com <cfdobler@aol.com>

Sent: Aug 13, 2024 6:50 AM

To: Erin Feorc <ckf@ivgid.org>, s4s@ix.netcom.com <s4s@ix.netcom.com>

Cc: Sara Schmitz <schmitz_trustee@ivgid.org>, Matthew Dent <dent_trustee@ivgid.org>, Michaela Tonking <tonking_trustee@ivgid.org>, Dave Noble <noble_trustee@ivgid.org>, Bobby Magcc <bma@ivgid.org>, Mick <homan4ivgid@gmail.com>, Michelle <jczycki4ivgid@gmail.com>

Subject: Re: PRR - Employee Terminations - P.S.

EXHIBIT "B"

RE: Aug 20, 2024 Audit Committee Meeting Engagement Letter - Agenda Item D(2) - P.S.

From: <s4s@ix.netcom.com>
To: Schmitz Sara <schmitz_trustee@ivgid.org>
Cc: Bobby Magee <bma@ivgid.org>, Dent Matthew <dent_trustee@ivgid.org>, Tonking Michaela <tonking_trustee@ivgid.org>, Noble Dave <noble_trustee@ivgid.org>, Tulloch Ray <tulloch_trustee@ivgid.org>, Mick <homan4ivgid@gmail.com>, Michelle <jezycki4ivgid@gmail.com>, harry <harryswenson4ivgidtrustee@gmail.com>
Subject: RE: Aug 20, 2024 Audit Committee Meeting Engagement Letter - Agenda Item D(2) - P.S.
Date: Aug 19, 2024 11:56 AM

Chairperson Schmitz, Other Honorable Members of the IVGID Board and Audit Committee, and Trustee candidates Mick, Michelle and Harry:

Well your staff are even more dirtier pieces of work than some of us give them credit for.

Now I have received from staff notice of supplemental materials associated with this agenda item. And what would these materials actually be?

DavisFarr's proposed audit engagement letter of August 14, 2024 calls for the signature of our Ass't Finance Director, Adam Cripps, in addition to Trustee Tulloch. And apparently on August 14, 2024, someone by the name of Vicky Nye, signed the document on Mr. Cripps' behalf. To say this is irregular would be an understatement. For the following reasons:

1. Who is Vicky Nye? How long has she been an employee? What qualifications does she have to be signing contracts such as these? Given this District's track record, I can guess the answer to the latter question is NONE! Until she proves herself to the public, I object to her performing any managerial functions. **And so should you!**
2. What does Ms. Nye know about contracting? Why would she agree to allowing our auditor to ignore district preparation and unfair presentation of basic financial statements that **are** the product of material misstatement? For whom exactly is Ms. Nye actually representing? Did staff simply find a "body" who would agree to sign a document like this, having no idea of its ramifications?
3. Why wasn't this document included in the original Committee packet. If I'm not mistaken, the Committee packet was made available to Committee members and requesting members of the public last Friday, August 16, 2024. But that was two days **after** Ms. Nye executed this document. Or did she backdate her signature? And **why was disclosure of this document hidden by staff until this morning?** If any of you think this was innocent and of no consequence, I say YOU'RE CRAZY! It's merely part of the less than ethical culture that permeates this place.
4. Where is Adam Cripps? Apparently on August 14, 2024 DavisFarr was under the impression Mr. Cripps was our CFO and in charge of entering into contracts such as these. But apparently, that wasn't and isn't the case. **Where exactly is Waldo?**
5. Assuming Mr. Cripps is gone, which I assume is the case, please explain to me how the District has the continuity necessary to represent to our auditor that our financial statements for 2023 are **not** the product of material misstatement? And without this assurance, what is the value of any audit DavisFarr might complete which would be founded upon a false narrative?

Before we start giving engagement letters to DavisFarr which obseve them of professional malfeasance, maybe we should take our time and start negotiating the terms of such engagement?

I ask Ms. Nye be removed from the process altogether, and the Committee consider my objections to follow insofar as DavisFarr's audit engagement letter is concerned.

Respectfully, Aaron Katz

-----Original Message-----

From: <s4s@ix.netcom.com>

Sent: Aug 19, 2024 9:39 AM

To: Heidi White <hhw@ivgid.org>

Cc: Bobby Magee <bma@ivgid.org>, Schmitz Sara <schmitz_trustee@ivgid.org>, Dent Matthew <dent_trustee@ivgid.org>, Tonking Michaela <tonking_trustee@ivgid.org>, Noble Dave <noble_trustee@ivgid.org>, Tulloch Ray <tulloch_trustee@ivgid.org>, Mick <homan4ivgid@gmail.com>, Michelle <jezycki4ivgid@gmail.com>, harry <harryswenson4ivgidtrustee@gmail.com>
Subject: RE: Aug 20, 2024 Audit Committee Meeting Engagement Letter - Agenda Item D(2)

What's wrong with you people?

Do you not understand English?

Or are you going out of your way to hide and deceive because you do understand English?

I thought you were both so transparent and ethical. And then this. Silly me!

Why do you continue to work for an organization like this one Heidi, which is so under handed and deceitful? Haven't you had sufficient opportunity to see for yourself? I can understand why Bobby Magee acts as he does. But he's out of here as of Wednesday leaving you to fend for yourself!

I asked to examine the June 24, 2024 DavisFarr engagement letter. Didn't I? NOT the most recent iteration of their August 14, 2024 letter. WHERE IS IT? Do I have to make a formal records request and then wait until well after the meeting to examine it? Without it, how can any member of the public be expected to provide meaningful public comment?

So let's do it the hard way. Consider my request a formal PRR request Heidi. I want to examine the DavisFarr June 24, 2014 engagement letter.

To the Audit Committee and the Board.

Remove this item (possible entrance into DavisFarr's most recent audit engagement letter) from the agenda and don't re-notice it until staff have provided a complete packet of relevant materials. In other words, the DavisFarr June 24, 2024 engagement letter which apparently portions thereof are incorporated into the most recent August 14, 2024 iteration.

Your staff have a duty under Policy 3.1.0 to include the same in the packet of materials for this meeting, and they have INTENTIONALLY breached that duty. And why do you suppose.

Further, has DavisFarr's June 24, 2024 audit engagement letter been shared with one or more IVGID Trustees? If so, why hasn't it been shared with me? After all, haven't I requested under NRS 241 that copies of all materials shared with the Board or Audit Committee in anticipation of a Board or Audit Committee meeting be shared with me? So where is it?

This is just more evidence you people are DYSFUNCTIONAL. And that the District is not being properly managed. Notify the Washoe County Board of Commissioners pursuant to NRS 318.515. Won't you?

Respectfully, Aaron Katz

-----Original Message-----

From: Heidi White

Sent: Aug 19, 2024 8:49 AM

To: s4s@ix.netcom.com
Cc: Bobby Magee
Subject: RE: Aug 20 Audit Committee Meeting Engagement Letter

Please see the attached information provided by Davis Farr

Respectfully,

Heidi H. White
District Clerk

Incline Village General Improvement District
893 Southwood Blvd., Incline Village, NV 89451
Cell: 775-558-9500 hhw@ivgid.org

Email: hhw@ivgid.org
Office: (775)832-1268
Cell: (775)558-9500

-----Original Message-----

From: s4s@ix.netcom.com
Sent: Saturday, August 17, 2024 12:53 PM
To: Heidi White
Cc: Bobby Magee
Subject: Aug 20 Audit Committee Meeting Engagement Letter

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Heidi -

The August 14, 2024 engagement letter included in the Board packet for this meeting expressly states and in essence incorporates an earlier June 24, 2024 engagement letter? Since it does, where is it?

Can you please provide me with a copy at your earliest convenience so I can evaluated precisely what it is that's being engaged?

Thank you for your cooperation. Aaron