



**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 October 15, 2024

*Viewing available by clicking the link and choosing BOT Meeting 10.15.2024 at <https://ivgid.portal.civicclerk.com/event/489/media>

The Regular Meeting of the IVGID Audit Committee was called to order at 3:02 P.M., on October 15, 2024.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS

Committee Members Vito Brandle, Trustee Sara Schmitz, and Trustee/ Committee Chair Raymond Tulloch were present.

B. PUBLIC COMMENTS

Public Comment provided by Cliff Dobler regarding the FY 2023 Financial Statements and the Davis Farr 2023 disclaimer of opinion, he additionally mentioned 30 missing memorandums that he provided to the Audit Committee regarding better accounting issues.

Public Comment provided by Chris Nolet, regarding the formal letter received by the District from the Department of Taxation (DOT) dated 9/18/2024, and the FY 2023 Financial Statements being Audited. He additionally spoke about the Davis Farr 2023, disclaimer of opinion.

C. APPROVAL OF AGENDA

The Audit Committee Agenda for October 15, 2024, was approved without exception.

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D. GENERAL BUSINESS ITEMS (for possible action)

1. Report and Status update on Annual Audit and Davis Farr Engagement Letter. (Requesting Staff Member: Interim Director of Finance Susan Griffith)

Interim Director of Finance Susan Griffith provided an overview of the timeline, and the engagement letter from Davis Farr to move forward with completing the 2024 Audit. The director of Finance opened the floor to the Audit Committee Members questions and any discussion points with staff.

The Chair opened the floor for public comment.

Public Comment provided by Chris Nolet regarding his opinion and suggestions related to the FY 2023 Financial Statements, the Letter IVGID received from the Nevada Department of Taxation related to Davis Farr, and the FY 2023 disclaimer of opinion on IVGID Financial Statements.

Public Comment provided by Clifford Dobler related to the FY 2023 Audit and Davis Farr's disclaimer of opinion on IVGID Financial Statements.

Following Mr. Dobler, additional Public Comments provided by Chris Nolet.

The audit Committee followed up with additional questions, discussion, and direction to staff.

Interim Director of Finance Griffith followed up on the Audit Chairs questions related to the rejected Augmentation.

Set a Date for an Audit Committee Meeting for December 17th for a Draft of the Audited Financials; Schedule an additional Audit Committee Meeting to talk with Jennifer Farr with Davis Farr about their proposed action as it relates to the Letter IVGID received by the Department of Taxation; Davis Far to Deliver a scope of work and the costs related to that Closure.

Interim Director of Finance Griffith suggested a first step to phone discussion with Davis Farr to express the District's concerns and what the District is requesting of the Audit Firm. Additionally, a phone call with the Nevada Department of Taxation regarding the Districts non-compliance with FY 2023 and the suggested steps for the district going forward.

Trustee Tulloch suggested an AC Meeting for October 30th, to review the Draft Audited Financials prior to its presentation to the Board, and Trustee Tulloch will check schedules for confirmation of this meeting.

2. Report and Status Update on Rubin Brown Audit Issues. (Requesting Staff Member: Interim Director of Finance Susan Griffith)

Interim Director of Finance Susan Griffith provided a brief overview of the observations and findings of Rubin Brown.

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Trustee Tulloch stated that the Board requested that each observation be returned to the Board for review prior to items being noted as closed.

Trustee Schmitz provided a list of concerns regarding the closing of observations prior to providing detailed information on how these observations have been addressed to ensure that the matters remain closed.

Observations 1 - unexplained variances between reports ;

Observation 1.1 - the Point of Sale System and its target date of 2027 ;

Observation 2 - Initiators and Approvers of Vendor Dispersements;

Observation 10 and 11 - Green Fee Pricing Schedules are not being followed, and Green Fee Play Passes; District Staff should provide corrective actions to the Board of Trustees prior to closing observations: Actions that corrected the Observation and procedures remedy them should be documented; procedures that have been used or implemented that will be followed by staff going forward; changed or updated practices, updated standard operating procedures, and training that has been implemented for current staff and new staff as onboarding process, to ensure that observations currently listed do not reoccur.

Observation 16 - related to physical inventory observations should have procedures in place and going forward to ensure that it is permanently closed.

Observation 17 - related to staff sharing logon ID's and inactive employee ID still being used, should not be closed without further information on what was done to ensure this does not happen again.

Observation 18 - related to project closure reports, Policy on Project closure reports should reference that project closure reports should be done for every project and should go to the board to show that the project did not go over budget. - and there should be something noted modifying the Policy for P-Card use so that capital cannot be purchased on them.

Observation 19 - on expenses incurred prior, what procedure changed to ensure that the problem will not surface again.

Observation 21 - Community Programs and Funding not approved by the Board - Donations have been received that the Board was not informed of; What Training is being done to ensure Board Policy is being Followed.

Observation 22 - Informal Process of receiving Grants and Funding - There needs to be commitment upfront from the Donner upfront for the entire project to ensure that the district is not saddled with a half complete project.

Observation 24 - Vendor and Employee files (duplicate and overlapping data) - what was investigated? Is there a problem? And what was changed? - Clarify, what did staff have to do and what was the impact of that.

Observation 25 - Projects relating to Private Funding or Donations - The Board should have a detailed procedure for receiving funds prior to starting a project, with an MOU or contract for the entire project amount in place.

Observation 26 - NLTFPD Agreement - Legal Counsel is in the process of updating

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the Agreement (District should be reviewing Contracts, Agreements and MOU's Annually)

Observation 27 - Petty Cash (Possible Cashless solution) Observation 28 - Access to the Vault (Cashless Solution)

Observation 30 - Capital Expenditure Approval Process (initial overruns) Needs Clarity

Observation 31 - List of Contracts to be under the New Contracts Manager (Needs Updating) How, Who, and When

Observation 32 - Seasonal Discounts at Merchandise Stores Not Approved by Appropriate Level - IVGID venue management staff have the appropriate level of authority to perform these duties. Should be a standard operating procedure for how seasonal discounts should be handled.

Observation 33 - Employee Clothing Allowances - How is this being monitored? Who is reviewing it, who is responsible for it?

Observation 37 - Prevailing Wages Evidence for Contracts not Retained - was this Closure approved by Legal Counsel? Are records of prevailing wage on contracted projects being retained as required by state law?

Observation 38 - Frequency of Cash Collections with a recommendation that daily pickups are needed. (Should not be ignored - Possible Cashless system)

Observation 39 - Security of Cash During Cash Collections (Should not be ignored - Possible Cashless system)

Observation 40 - Lack of Internal Controls and Oversight at IVGID Golf Courses - there needs to be standard operating procedures and training.

Observation 41 - Customer Credit Card Processing Errors - what is in place to report and identify future issues?

Committee member Brandle provided the following feedback: He suggested that there be a level of prioritization, with the highs first, then medium, and finally the low risk Items.

He noted that on Observation 13 - Insufficient and Inappropriate Support for Procurement Card Transactions, that IVGID get the Excel file from Wells Fargo and have one person review it.

Observation 27 - Petty Cash; These controls have been mentioned, and he suggests finding ways to eliminate this by using cards or going cashless.

Trustee Tulloch agreed that the Board would like to see complete reports come back for their review prior to closing observations. The District has policies and procedures in place (that are not optional), that have been ignored. He also stated that there should be consequences for ignoring the procedures and policies.

The Committee continued to discuss the matters mentioned above.

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3. Review, and Discuss Revisions to Board Policy 8.1.0 - Capitalization of Fixed Assets. (Requesting Staff Member: Interim Director of Finance, and Committee Member Trustee Tulloch)

Audit Committee Chair Tulloch provided the background and history of Board policy 8.1.0 - Capitalization of Fixed Assets.

Interim General Manager Crocker provided a brief explanation of policy and practice and how they work, and that combining both Policy and Practice into one document was common practice.

The Audit Committee provided feedback to staff, and Interim Director of Finance requested that the Policy return once staff had time to review and provide additional modifications.

4. Review, and Discuss the 2023 Accounting and Reporting Look Back Project. (Requesting Committee Members: Chair Tulloch, and Trustee Schmitz)

Chair Tulloch introduced the Item and provided a brief explanation and background of the Memorandums provided to the Audit Committee over the last 2 years.

Suggestions from the Audit Committee; that the matter has been overhanging, and the items need to be addressed. Ultimately, the Committee would like to address the 9 unresolved items as indicated on the spreadsheet.

Trustee Tulloch to get the index spreadsheet created by past members of the committee and circulate it to the Audit Committee prior to the next meeting.

E. LONG RANGE CALENDAR REVIEW

Next Audit Committee Meeting to be scheduled within the next couple of weeks.

Follow-up with Action with D.4. - 2023 Accounting and Reporting Look-Back Project

Follow-up with the Discussion with Davis Farr

Schedule AC Meeting for first review of Draft ACFR for the Week of Dec 17th

Scope and cost from Davis Farr for Completing an Audit for FY 2023

F. MEETING MINUTES (for possible action)

The Audit Committee took one action and unanimously approved Item F.1. Audit Committee Meeting Minutes for June 17, 2024, and Item F.2. Audit Committee Meeting Minutes for August 20, 2024.

1. Approval of the Audit Committee Meeting Minutes for June 17, 2024. (Requesting Staff Member: District Clerk Heidi White)

Audit Committee Meeting Minutes for June 17, 2024, were approved as submitted.

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2. **Approval of the Audit Committee Meeting Minutes for August 20, 2024.**
(Requesting Staff Member: District Clerk Heidi White)

The Audit Committee Meeting Minutes for August 20, 2024, were approved as submitted.

G. **PUBLIC COMMENTS**

No Attendees provided Public Comment during the final Public Comment period.

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

The October 15, 2024, meeting of the IVGID Audit Committee adjourned at 4:48 PM.

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