

MEMORANDUM

TO: Board of Trustees

FROM: Michaela Tonking
Board of Trustees Chairperson

THROUGH: Robert Harrison
District General Manager

Heidi White
District Clerk

SUBJECT: Nomination and Appointment of Audit Committee Seat due to Term Expiration of Trustee Tulloch effective February 28, 2024, Trustee Tulloch's term is due to expire February 28, 2025.

DATE: February 26, 2025

I. RECOMMENDATION

That the Board of Trustees Nominate Trustee Candidates and make a Motion to Appoint an Audit Committee Member to Fulfill the vacancy through February 28, 2026.

II. BACKGROUND

In accordance with Policy 15.1.0 adopted on June 2022: Accounting, Auditing and Financial Reporting: Audit Committee Charter; Organization, shown below, this item is brought forward for possible action.

ORGANIZATION: *The Committee shall consist of five (5) voting members. This includes two Board members appointed annually by Trustees and three members appointed by the Trustees to serve as qualified At-Large Members. Any recommendations for expanding the number of voting members will be recommended by the Committee and submitted to the Board of Trustees for possible approval. The Committee may retain financial or other appropriate advisors to attend meetings, provide guidance and training, as needed, and as approved by the Board of Trustees for financial expenditures.*

Members of the Committee should have or shall obtain an understanding of accounting, auditing, financial reporting, and internal controls to be able, with the assistance of an advisor if needed, to deliberate on issues for which the Committee is responsible. Therefore, the Board of Trustees may need to budget for periodic training of the Committee members and an outside advisor to assist the Committee with the independent conduct of its work with the approval of the Board of Trustees. Any advisor so engaged should possess the following qualifications:

- *A thorough understanding and experience with Generally Accepted Accounting Principles (GAAP), Government Accounting Standard Board (GASB) statements, and financial reporting*
- *Experience either preparing or auditing financial statements*
- *Experience with internal controls*
- *An understanding of the function of an audit committee*

At-large Committee members shall be independent. They shall not accept any consulting, advisory, or other compensatory fee from the District. All members shall not be an affiliated person with the District and at-large members suggested qualifications:

At-Large Committee members shall be expected to comply with all District policies that apply to volunteers. District staff shall be responsible for providing copies of all relevant policies to Committee members.

- *Annually, the Board of Trustees will appoint two Trustees to be Committee members. Appointing Trustees to serve successive years increases continuity and allows for knowledge retention. In the event a Trustee is removed or resigns, the Board of Trustees shall appoint a new member to the Committee. In accordance with GFOA recommendations, Trustees considered for appointment to the Committee shall not be exercising managerial responsibilities that fall within the scope of the audit of the District.¹*
 - *At-Large Members shall be appointed by the Board of Trustees from applicants with appropriate accounting, auditing, internal controls, and financial reporting expertise. This expertise could include:*
 - *Hold an active CPA license (preferably in Nevada) or have at least 15 years of progressive financial management experience as evidenced on a resume, CV, or LinkedIn*
 - *Experience on governing board, either as committee or board member*
 - *Experience either preparing or auditing financial statements*
 - *Experience with internal controls*
 - *An understanding of the function of an audit committee*

At-Large Members will serve staggered two-year terms:

- *For the first appointment, one member will serve a one-year term and the other two will serve a two-year term.*
- *For each subsequent appointment, the member will serve a two-year term.*

One member of the Committee shall be appointed by the Committee to be the Chair. The Chair will schedule all Committee meetings and provide Committee

members with a written agenda for each meeting. Committee Members may request agenda items for the Chair's consideration and approval.

The Committee members are limited to two 2-year terms, which may be extended with the Board of Trustees approval in the event there are no interested or qualified applicants to fill any future vacancies.

¹“To ensure the committee's independence and effectiveness, no governing body member who exercises managerial responsibilities that fall within the scope of the audit should serve as a member of the audit committee” Source: GFOA Best Practices, Audit Committee

Chair Tonking requested an item be added to this agenda to appoint one (1) Board Trustee member to the Audit Committee.

For the record the following term expirations for the appointments previously made are as follows:

*Raymond Tulloch – Trustee – Term Expires February 28, 2025
Vito Brandle – At Large Member – Term Expires February 28, 2026
Mick Homan – Trustee – Term Expires February 28, 2026
Sara Schmitz – Trustee – Term Expires February 28, 2025**

* vacated at the end of Trustee term that is December 31, 2024.