

November 14, 2024

State of Nevada
Department of Taxation
4600 Kietzke Lane, Suite L235
Reno, Nevada 89502

Attention of Ms. Kelly Langley

Subject: Proposed Plan of Correction Regarding Annual Audit Report – Fiscal Year 2023
Pursuant to NRS 354.6245

Dear Ms. Langley,

The IVGID Fiscal Year 2023 Audit included a disclaimer of opinion, as provided by Davis Farr. As a result of this, the Incline Village General Improvement District (IVGID) received the enclosed letter from the Department, dated September 18, 2024, identifying a violation of NRS 354.624(4) based on the lack of expression of opinion.

In accordance with NRS 354.6245 and NAC 354.721, IVGID provides the following as its proposed plan of correction:

Proposed Plan of Correction

1. *Identify the statute or regulation violated.*

The September 18, 2024 letter identified that IVGID's the Fiscal Year 2023 Audit violated NRS 354.624(4) on the basis that "an expression of opinion on the financial statements" was not included.

2. *Describe the violation, including when it occurred, how it occurred and the frequency of its occurrence*

The violation occurred in the Fiscal Year 2023 Audit, and this is the first occurrence of such a violation. The auditors have indicated to IVGID that the basis for the disclaimer opinion stating was that the auditors were unable to complete the analytical review procedures of IVGID's revenues and expenses and were not able to obtain sufficient audit evidence supporting other amounts in the financial statements.

3. *If the violation was reported in the local government's last audit, describe that occurrence and the corrective action taken in the preceding year.*

The violation was not listed in the audit itself, and the District was notified by the Department of Taxation of the violation after the close of fiscal year 2023, accordingly, IVGID was unable to take corrective action during the preceding year.

4. *Identify the administrative and procedural means of control used to prevent a recurrence of the violation; and [d]escribe planned changes in the procedures for control and review to prevent future violations and identify the public officers responsible for carrying out those changes.*

The issues that caused the disclaimer of opinion by Davis Farr involved the inability of IVGID staff to timely respond to certain requests for information by its auditors. To prevent the recurrence of the violation, the District intends to undertake the following actions:

1. Addressing Issues with Implementation of Tyler Munis

IVGID acknowledges its challenges with the implementation of the Tyler Munis system for the Finance and Human Resources Departments. At the October 9, 2024 Board of Trustees meeting, a contract was approved to assist IVGID in rectifying the integration, with the bank reconciliation function being the top priority. This work will begin on or about January 9, 2025, although IVGID is making effort to expedite the initiation and completion of this work. The persons responsible for carrying out this task shall be IVGID's Director of Information Technology and Acting Director of Finance.

IVGID was also assigned a sub-committee of the Committee of Local Government Finance (CLGF) and it is our understanding that this subcommittee has experience with the Tyler Munis system, and IVGID will incorporate any guidance, suggestions, and ideas from the sub-committee in addressing problems with the present implementation. IVGID has reached out to the sub-committee chair and is working to coordinate the first meeting with this sub-committee.

2. Fully staffing the Finance Department; Minimizing significant turnover of financial staff

IVGID is short staffed within the Finance Department with two vacant positions. The positions that we are short staffed and budgeted for this fiscal year are Senior Accountant and Accountant. IVGID is presently using 2 temporary contract persons who are working on a variety of accounting items as well as auditing work. As verbally reported to the Committee on Local Government Finance, IVGID staff is focused on the 2023/2024 Audit and working with our auditors, Davis Farr. However, IVGID is committed to fully staffing its Finance Department and ensuring adequate staff resources for the completion of the Fiscal Year 24 audit. On November 5, 2024, IVGID staff held interviews for an Accountant. Staff is now exploring the possibility of filling this specific position with temporary employees. The persons responsible for carrying out this task shall be IVGID's Interim General Manager and Acting Director of Finance.

Respectfully Submitted,

Karen Crocker
IVGID Interim General Manager

Date of Board of Trustees Approval: _____

Enclosure: September 14, 2024 Letter



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <https://tax.nv.gov>
Call Center: (866) 962-3707

LAS VEGAS OFFICE
700 E. Warm Springs Rd, Suite 200
Las Vegas, Nevada 89119
Phone (702) 486-2300
Fax (702) 486-2373

JOE LOMBARDO
Governor
GEORGE KELESIS
Chair, Nevada Tax Commission
SHELLIE HUGHES
Executive Director

CARSON CITY OFFICE
3850 Arrowhead Dr., 2nd Floor
Carson City, Nevada 89706
Phone: (775) 684-2000
Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane, Suite L.235
Reno, NV 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

September 18, 2024

Incline Village General Improvement District
Susan Griffith/Interim Director of Finance
893 Southwood Blvd
Incline Village, NV 89451

Re: Annual Audit Report – Fiscal Year 2023

Dear Ms. Griffith:

Pursuant to NRS 354.6245, the Department of Taxation is charged with the review of all annual audits to determine their compliance with statutes and/or regulations adapted pursuant to NRS 354.594. The department must also identify all violations of statute and/or regulations reported therein.

Your audit did not meet the provisions required in NRS 354.624(4).

- An expression of opinion on the financial statements was not included in the audit due to:
 - A New Accounting System
 - Significant Turnover of Financial Staff
 - Numerous Misstatements in The Accounting Records
 - On Going Forensic Due Diligence Investigation
 - The auditors referenced the basis for disclaimer opinion stating they were unable to complete the analytical review procedures of revenues and expenses and were not able to obtain sufficient audit evidence supporting other amounts in the financial statements
 - In accordance with GAAP District management is responsible for the preparation and fair presentation of the financial statements, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- Also, in our review of your audit, we noticed that the audit referred to Capital Improvement Project Budget Carry-Forward. Pursuant to NRS 354.620 any unencumbered balance on an accrual or modified accrual basis or any unexpended balance on a cash basis remaining to the credit of any appropriation shall lapse at the end of the fiscal year and shall revert to the available balance of the fund from which appropriated.

Please provide the department an update as to management's progress on IVGID's internal control deficiencies #2023-001 and #2023-002 as mentioned in the audit.

In reference to #2023-002 please provide monthly bank reconciliations for May, June, and July 2024 as provided to the board of directors for IVGID and discussed at the CLGF meeting on August 7, 2024. Please provide the items above, no later than September 30, 2024.

If you have any questions, please call me at 775-684-2065 or e-mail me at Kgrahmann@tax.state.nv.us.

Sincerely,

Kellie Grahmann, Budget Analyst
Local Government Finance
Department of Taxation

CC: General Manger, Karen Crocker
Board Chairman, Sara Schmitz
Auditor, Davis Farr

NAC and NRS References

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For
information
only

REFERENCES

NAC 354.721 Proposed plan of correction. ([NRS 354.107](#), [354.594](#), [354.6245](#))

1. Each proposed plan of correction submitted pursuant to [NRS 354.6245](#) must:
 - (a) Identify the statute or regulation violated;
 - (b) Describe the violation, including when it occurred, how it occurred and the frequency of its occurrence;
 - (c) If the violation was reported in the local government's last audit, describe that occurrence and the corrective action taken in the preceding year;
 - (d) Identify the administrative and procedural means of control used to prevent a recurrence of the violation; and
 - (e) Describe planned changes in the procedures for control and review to prevent future violations and identify the public officers responsible for carrying out those changes.
2. Each governing body shall submit with its proposed plan of correction a statement of the date on which it reviewed and approved the plan for submission to the Department.
(Added to NAC by Tax Comm'n, eff. 1-10-84)

NRS 354.624 Annual audit: Requirements; designation of auditor; scope and disposition; dissemination; prohibited provision in contract with auditor.

4. Each annual audit must cover the business of the local government during the full fiscal year. It must be a financial audit conducted in accordance with generally accepted auditing standards in the United States, including findings on compliance with statutes and regulations and an expression of opinion on the financial statements. The Department of Taxation shall prescribe the form of the financial statements, and the chart of accounts must be as nearly as possible the same as the chart that is used in the preparation and publication of the annual budget. The report of the audit must include:
 - (a) A schedule of all fees imposed by the local government which were subject to the provisions of [NRS 354.5989](#);
 - (b) A comparison of the operations of the local government with the approved budget, including a statement from the auditor that indicates whether the governing body has taken action on the audit report for the prior year;
 - (c) If the local government is subject to the provisions of [NRS 244.186](#), a report showing that the local government is in compliance with the provisions of paragraphs (a) and (b) of subsection 1 of [NRS 244.186](#); and
 - (d) If the local government is subject to the provisions of [NRS 710.140](#) or [710.145](#), a report showing that the local government is in compliance with the provisions of those sections with regard to the facilities and property it maintains and the services it provides outside its territorial boundaries.

NRS 354.620 Unencumbered balance of appropriation lapses at end of fiscal year; reversion to fund. Any unencumbered balance on an accrual or modified accrual basis or any unexpended balance on a cash basis remaining to the credit of any appropriation shall lapse at the end of the fiscal year and shall revert to the available balance of the fund from which appropriated.

(Added to NRS by [1965, 735](#); A [2001, 1810](#))