

MINUTES

AUDIT COMMITTEE MEETING OF MAY 27, 2020 Incline Village General Improvement District

The Audit Committee meeting of the of the Incline Village General Improvement District was called to order by Audit Committee Chairman Matthew Dent on Wednesday, May 27, 2020 at 4:02 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada. This meeting was conducted virtually via Zoom.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Trustees Tim Callicrate, Matthew Dent, and Sara Schmitz.

Also present was Director of Finance Paul Navazio.

There were no members of the public present (State of Nevada, Executive Directive 006, 016 and 018).

B. PUBLIC COMMENTS*

Margaret Martini read the following statement:

I would like to commend Trustee Treasurer Schmitz for her outstanding commitment to developing an effective Audit Committee Policy and welcoming citizens with accounting and financial expertise to provide valuable assistance to this Committee and the Board. As the Committee Chair will be approving the audit engagement letter for the 2020 audit and the District does not have any written internal controls or any framework that Staff can provide, I strongly urge this Committee to ensure that Internal Controls are placed on the fast track and that an independent internal audit is immediately engaged. In light of the communications included in the committee packet, I strong urge all Trustees to recommend and select the engagement of independent financial experts to render an opinion on the outstanding issues with the 2019 CAFR as well as evaluate the many accounting policies and practices that have been challenged by our citizens – and bring them in compliance with Generally Accepted Accounting Principles. As this District currently lacks competent and honest General Counsel, which was recently terminated, but still appears to be providing legal services, I recommend this committee recommend and select independent legal counsel with familiarity with Special District's and Dillon's Rule to assess whether the District is in compliance with NRS 318 and other Nevada laws. All that being said, I recognize you are now responsible for the unresolved and unexamined and very serious issues that the previous Audit Committee left behind. This is not an easy task and will require a very strong commitment to get the resources you need. Each of you must exercise leadership to the best of your abilities. Please do so now.

Minutes

Audit Committee Meeting of May 27, 2020

Page 2

Aaron Katz said that he has been informed that there are seventy-one credit cards that have been issued to IVGID employees, none of them should have such cards. There is a person named Stephanie who is the Diamond Peak Assistant and then there is Matt Hoerth who is an employee at Hyatt sport shop. These are subject to abuse. Stephanie charged \$1500 to Brewforia and then \$1400 to someplace for burgers. These don't show up on the bill pays and no one should have access to a credit card. These expenses were reported as employee recruitment so does anyone think this is a reasonable expense. Fifty-five thousand dollars was budgeted for recruitment and he is asking this committee to eliminate all procurement cards, conduct an audit of all credit cards for the past three years, and demand restitution for charges that are not as this is just an example of a couple little charges and he hopes you will do the right thing.

Dick Warren read the following statement:

So here we have a fairly decent group of Audit Committee members - Matthew Dent, Tim Callicrate, & Sara Schmitz, trying their best to clean up the mess left by former Audit Committee members Horan, Wong & Morris (unfortunately, Morris & Wong are still on the Board). The former Audit Committee failed to exercise any oversight and approved improper and unlawful accounting practices initiated by Eick (former Director of Finance) and Pinkerton (former General Manager). And then Eide Bailly, a truly worthless accounting firm, relied on IVGID's management representations. And then Sara comes along and puts together an effective Audit Committee Charter, and takes the lead in getting a comprehensive written framework of internal controls. But then I wonder if the interim GM and the new Director of Finance really want to do proper accounting, or merely want to return to the ways of Pinkerton & Eick. I found it incredible that the new Director of Finance suggested that Eide Bailly should prepare the financial statements for this year and, we should use Eide Bailly as our Financial Advisor. Really? Eide Bailly is the same firm that did the 2019 CAFR, with 14 issues associated with it, perhaps suggesting that Eide Bailly is incompetent, but Paul Navazio thinks they would make a great Financial Advisor. And I have not heard any comment from Paul Navazio on the 2019 CAFR and the 14 issues associated with it; does our new Finance Director agree, disagree, or has no comment on the 14 points listed? As it stands now, the FY2020 audit will be performed using accounting policies not in accordance with GAAP, and that seems to be just fine with our new Finance Director. I get the feeling that his nickname will be Eick II; he seems quite content with preparing non-compliant financial statements Very interesting, and sad too. And as for you, Audit Committee Chairman Dent, what are you doing to ensure that the District is providing your constituents with complete and accurate financial statements? Are you going to challenge the new Finance Director on this matter of Special Revenue Fund Accounting, or are you going to sit it out until November because you really do not know who is going to be on the Board next year?

Cliff Dobler said that he is glad the current members of the Audit Committee will begin to oversee the accounting. So much accounting has been wrong and glad that you are

Minutes

Audit Committee Meeting of May 27, 2020

Page 3

bringing in three at-large committee members because you need the help. Trustee Schmitz was so correct in realizing that having the majority of three Trustees on the Audit Committee could cause considerable misdeeds. By having only two Trustees, a majority will no longer exist. Your first charge will be how you handle Eide Bailly and their improper opinions given on the IVGID financial statements. They will tell you that they relied on management representations; that will not hold water. Beginning in Fiscal Year 2016, the departure away from recreational activities as governmental funds where the law required as continually reporting as enterprise funds necessitated an in-depth review; Eide Bailly did none. As a result, this past four years, and this current year's financial statements will need to be restated costing residents a small fortune. Later on this evening, the Board will be asked to approve to begin the intent of reporting recreational business activities back to enterprise funds. Before June 30, 2020, this committee should request the amending of the 2020 budget to properly comply with Resolution 1838 to report capital projects and debt service expenditures established in the funds described in the resolution. Without this, another inconsistency will occur. The published 2019 financials will also require restatement to correct several bogus accounting treatments. There will also be challenges as Eide Bailly will again say that they relied on management representations. Here is the definition of accounting consistency – in accounting, consistency requires that a company's financial statements follow the following accounting principles and methods and accounting procedures from one accounting period to the next. This allows the readers of the financial statements to make meaningful comparisons between years. The last four years of improper financial statements controlled by Trustees Horan, Morris and Wong has destroyed consistency in reporting which is the number one flag to auditors of trouble. Look no further than Utility Fund. Readers need faith in US financials; please work hard to restore that faith.

Linda Newman read the following statement:

As this Committee must approve the Engagement Letter for the 2020 Audit, I request that this Committee take immediate action with an independent accounting expert to rectify the outstanding issues in the 2019 Audit. I also request that Eide Bailly provide the documentation provided for the \$4200 invoice and the representations Management made to the auditor supporting the use of governmental fund accounting and reporting for the Community Services and Beach Funds. As the Communications on this agenda as well as others which are not in the packet, involve extremely important issues which materially affect the District's financial statements and may involve fraudulent activities, I strongly encourage this Committee to recommend the engagement of a forensic auditor. I also recommend the services of an experienced, independent attorney to review the District's compliance or non-compliance with Dillon's Rule. I trust you will all exercise your best judgment in securing the best qualified and knowledgeable individuals to serve on the audit committee and that you will secure as soon as possible an independent internal auditing firm to assist you in successfully fulfilling your responsibilities. Thank you all for taking a major step forward in providing much needed District oversight with Special Thanks to Trustee Schmitz for

exercising exceptional leadership in developing a charter and prioritizing internal controls.

Frank Wright said that he is a candidate for the Board. If you listen to the people who call in to the Board meeting and this particular meeting, you will find that they are knowledgeable, they have facts, figures and information that is beneficial to all of our community. They are not screaming that we have incompetence any longer rather they are screaming that we need to fix a mess which have been going on for quite a while. The way in which are our financials have been working is to benefit special interests and those that have been stealing from the District and that he thinks that it is well known that up to this point, our financials have been a disaster. Expenditures that shouldn't have been made which Mr. Katz identified some tonight. Someone asked him what is he getting for his rec fee, don't know what he really gets, maybe a reduction for guests that he might bring to the golf course and lower rates at the ski area. How long would it take him to spend \$730 of these discounts over the course of a year. He doesn't think it is a deal at all as he lives in Crystal Bay and the closest venue is 3.5 miles away. He knows the Audit Committee are trying to do the right thing which is monumental task. Fixing will take time, we know that, make it happen and let's do everything that is supposed to be going on. We need to get another auditing firm but we are in the last of a five-year contract and hopefully next year we can find someone who is competent. Appreciate everything you are doing, go get them.

C. APPROVAL OF AGENDA (for possible action)

Audit Committee Chairman Dent asked for any changes to the agenda; none were received so the agenda was approved as submitted.

D. GENERAL BUSINESS ITEM (for possible action)

D.1. Authorize the Audit Committee Chairperson to sign the Engagement Letter with Eide Bailly for the Independent Audit of the District's FY2019-20 Financial Statements (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Audit Committee Chairman Dent gave an update that we have changed a few things in this letter and that he thinks that both of his Audit Committee members have reviewed it or reviewed it with the Director of Finance. Director of Finance Paul Navazio said as clarification that he had submitted, as part of your previous Audit Committee packet, a suggestion that the Audit Committee consider amending the scope to include preparation of the financial statements and a resource. This was discussed with the Chair and Staff has withdrawn the previous item specifically with respect to the preparation of the financial statements as Staff will be preparing them internally. If it is decided to prepare them both ways, Staff is comfortable preparing them internally. There is a provision in the engagement letter and contract to provide additional resources to this committee and the Board.

Staff thought it was premature to work this into this engagement letter with Eide Bailly or any other entity. He is comfortable with executing the engagement letter in the packet. Staff did work with Eide Bailly to clarify some responsibilities of the District; those were the main changes versus a couple of weeks ago. Trustee Schmitz asked for several changes which Director of Finance Navazio made notations of. Trustee Callicrate thanked Trustee Schmitz for going through this letter and making those important catches and that he appreciates the hard work she has done with the Director of Finance and asked the Director of Finance if he was okay with the suggested changes that Trustee Schmitz brought forward. Director of Finance Navazio said that he had no issues or concerns and that there was a general conversation. This is the standard letter that Eide Bailly provides to all of its clients and that Staff asked them to address all the yous so this is not an issue. In practice, the you is meant to mean the District. There is a process for the auditors to reach out to the Board members and the Audit Committee and to be clear, the Board and this committee will have the opportunity to discuss issues and facts on concerns with Eide Bailly. Trustee Schmitz said that she understands that and she will leave that to Chair Dent's discretion. Audit Committee Chairman Dent asked if there were any other questions or concerns with this item. Trustee Callicrate thanked Trustee Schmitz for making this a little tighter.

Trustee Callicrate made a motion to authorize the Audit Committee Chairperson to sign the Engagement Letter, with the necessary amendments offered tonight by Trustee Schmitz, with Eide Bailly for the Independent Audit of the District's FY2019-20 Financial Statements. Trustee Schmitz seconded the motion. Audit Committee Chairman Dent asked for any further comments, none were received so he called the question – the motion passed unanimously.

**D.2. Review, discuss and possibly take action related to the following communications that have been received and are included:
(Requesting Trustee: Sara Schmitz)**

- a. **Memorandum dated April 22, 2020 (12 pages) from Cliff Dobler and Linda Newman; Subject: Second request to amend budget form 4404LGF with the Department of Taxation for the FY 2019/2020 budget to comply with IVGID Board Resolution 1838, GASB 54, and NRS 354**
- b. **April 2, 2020 e-mail communication regarding Dillon's Rule from Ms. Diane Heirschberg (8 pages)**
- c. **May 2, 2020 e-mail communication regarding Attorney General Opinion 2005 from Joy Gumz (5 pages)**
- d. **14 points of errors in the CAFR from Cliff Dobler and Linda Newman dated April 7, 2020 (20 pages)**

e. May 2, 2020 e-mail communication regarding the Engagement Letter, the Audit Committee charter and communications from Mr. Dick Warren (4 pages)

Trustee Schmitz said what we have started is a process that is in our Policy 15.1.0 to have community members submit their concerns, we review and discuss them and determine if any action is required. D.2.a. is one that she and the Director of Finance has discussed and it was not submitted in accordance with Resolution 1838 and that if this budget is revised then our CAFR will not be in compliance because the budget needs to match the CAFR. In thinking about this and handing this off to the Director of Finance, it is not just the budget but we will have an impact in the production of the CAFR and should it be restated or amended to comply with Resolution 1838. Director of Finance Navazio said that he is going to speak broadly to this and the other correspondence. According to the charter and the revised charter, the Audit Committee is the vehicle for a response and also, in consultation with Trustee Schmitz and Audit Committee Chairman Dent, as the Director of Finance, he has a log of these issues and concerns and some of them will be addressed and resolved. There are others, particularly with the issue of Resolution 1838, that the full Board of Trustees can give direction on. He is not sure about addressing through the restatement of the budget and preparing the CAFR. He thinks that the auditor will look at it like the State of Nevada. One of the problems is Resolution 1838 that it said the District will use separate capital and debt service. In adopting the budget, maybe it wasn't as clear and direct as it could have been, with consolidating the two funds and not being consistent with Resolution 1838 because the Board did adopt it. He is hesitant to say restatement and redo the CAFR because to do so would require the Board to amend the budget and then the audit will be done consistent with the budget that the Board approves. We have a couple of meetings to discuss preparing an item to amend the budget. If the Board action was to accept as submitted and implemented, we can go back and redo or we acknowledge that it was not completely in alignment with Resolution 1838. It is an issue and he understands the difficulties and if you are asking his opinion, he is not yet in a place to suggest that we would need to restate but we have the opportunity to do so if the Board so directs. These were on your last agenda and he, as your Director of Finance, would prepare a response on all the issues that are listed and provide a recommendation for resolution and he does understand that the clock is ticking with the restatement. Trustee Schmitz said work with your team and put something in writing so we have things in writing such as what action is being taken or to address the issue. For this specific one, her concern is that she doesn't understand why we didn't do the budget like we had done since we established this. We have budgets and CAFRs that are consistent since the item was created and we should do our best to make sure we have consistency in budgeting, auditing and the CAFR. Her feeling is because this affects the CAFR, we should do this and that she doesn't know if there is any down side other than it will be work. Trustee Callicrate said he brought this up last year and that this was the second time it has been brought up by Linda Newman and

Cliff Dobler and that consistency was mentioned by Mr. Dobler which seems to be the buzz word that we have had in the past. He would support to try and get into compliance with this and answering the questions of what work does this entail, what will it cost, and can we get it done in time. Director of Finance Navazio said because Staff is bringing back capital and debt funds and the budget you will see this evening was refined to reflect the funds, one of the questions that Staff wrestled with was the effective date because we are going to need to go into the funds and do the accounting funds and ascertain what remains to get to the beginning fund balances. At the fiscal year end close, we show the ending fund balances which will give you the ones going forward so rather than restating and because they never went away, we could authorize the transfer of fund balance and be prepared to be consistent with Resolution 1838 and facilitate the transition to next year on this point. If the Board approves the budget tonight, we can implement Resolution 1838 as of the end of the current fiscal year and if we need to do this by June 30, we may bring an item to authorize those transfers which he thinks would accomplish the majority of the intent without the additional work. He would like to come back to the Audit Committee on re-establishing those funds, etc. and facilitate the comparison with next year's financials consistent with how the budget has been prepared. Trustee Callicrate said thank you and that if this is achieving the same results, would it make to ask the Director of Finance, with the suggestion that he just made, if perhaps there is an opportunity to speak with Mr. Dobler and/or Ms. Newman to make sure that it is done to get us closer to how it should have been done. He is not trying to get into a bigger hole but that perhaps a way to do that is by reaching out to Mr. Dobler and/or Ms. Newman and see if we can come to a happy medium while not spinning our wheels and moving us forward. Trustee Schmitz said that she would appreciate that too and thinks the Audit Committee, be it the Chair, should get back to Mr. Dobler and Ms. Newman. We also need to make sure that the State of Nevada Department of Taxation will allow us to do this and allow us to submit the CAFR in the format as we have done in the past year because that is part of the equation. Director of Finance Navazio said that he would like to circle back with his team and see if we can do it to address the underlying concern and that it is not really a restatement rather it is amending the budget in a way to streamline it and that he is happy to reach out to the constituents on a path forward. Trustee Callicrate said that works for him and make sure we are compliant, make it legal, try to get some kind of consistency and reaching out to Mr. Dobler and Ms. Newman. It has been such a critical issue for the past year or more that he would defer to you, the Audit Committee Chairman as we want to get it right. Audit Committee Chairman Dent said that it does come down to consistency and that if we are doing things that aren't compliant with our own resolution, he doesn't know the exact but it sounds like the Director of Finance has a creative idea and that he agrees with circling back to Mr. Dobler and Ms. Newman. The reason we have this item is that we want to show the community members that we are taking action and moving forward. For the last four years and nine months, this has sat and festered and come up over and over again. He doesn't want to address it again next year so let's move forward with your approach

and thus we have nothing further on 2.a. as we gave direction to Staff. Trustee Callicrate said that it looks like items 2.a. and 2.d. have some correlation and those two things should be looked at together as those two items are both from Ms. Newman and Mr. Dobler.

Audit Committee Chairman Dent said that items 2.b. and 2.c. are both on Dillon's rule and that, moving on to item 2.b., he has received a couple of e-mails about Dillon's Rule and he did receive a message from legal counsel and thinks that our newest legal counsel also looked into this matter too. Interim District General Manager Winquest said that he did forward a memorandum prepared by District General Counsel Velto and that about a half hour ago he forwarded one from the Board's General Counsel Nelson. This subject was here ten years ago and was looked at but not discussed in the open. Interim District General Manager Winquest then read both of the responses and said that based on what we were told back then, which was before we created Resolution 1701, he thinks we are in compliance and given that we are hearing from two attorneys, he would just like to confirm that the Audit Committee is comfortable. District General Counsel Velto said he is happy to re-forward the opinion to any of the Trustees. Trustee Schmitz asked that it be resent to her and one of the things we should do is to have something in writing. Ms. Heirschberg did an excellent job of itemizing things and there are so many other nuisances that we should have something in writing addressing the specific issues so if we need to revise policies, create policies, etc. so we need to be more specific than that. District General Counsel Velto said that we can be more precise and responsive and that he would like to communicate offline and get more specifics in order to be in a more precise format. Audit Committee Chairman Dent asked that District General Counsel Velto send the e-mail to Trustee Schmitz and get the second one which talks about the Attorney General opinion then the two of you can work offline and then we can discuss it and move on. Trustee Callicrate said that he agrees and that he remembers when it was addressed ten years ago and that it does come up periodically so let's address it with a written legal opinion and have it come to us at the next Audit Committee meeting. Joy Gumz said to hold off and have it on the next Audit Committee meeting once again as it needs to be heard again in the context of the bigger picture and then have some sort of question and answer piece on the IVGID website. Interim District General Manager Winquest replied that this was good advice and that Staff can work on some of this information; Trustee Schmitz said that she will circle back with the Interim District General Manager to make sure we don't miss anything.

Audit Committee Chairman Dent then moved on to D.2.d. and asked the Director of Finance if he wanted to weigh in. Director of Finance Navazio said, just to be clear, Staff is looking at all of them as all of them warrant review and consideration. What he is hoping to bring back is a recommended resolution of each item that will run the gamut as these are definitely items that we can continue to discuss and that we have responded to. The response might be the same however there are some that may warrant some corrective action and/or explanation. You will see a

recommendation about footnotes in the prior CAFR that will be addressed in the upcoming CAFR. There are a few that will benefit from a written outside review which will inform a resolution. He is happy to have a conversation with the Audit Committee members and he looks forward to bringing forward recommendations. Trustee Schmitz said there are three items about capitalization versus expensed; do we have to modify the CAFR. Director of Finance Navazio said not necessarily because even if they rise to the level it is because of when a project starts. It is not uncommon to be a prior year correction reflected in the current CAFR so we are looking at an accurate financial. It would have to be a significant misstatement to go back and restate a CAFR. Without going into the specifics, there are some that he would argue don't warrant a misstatement but need addressing and resolving. Trustee Schmitz said that the other thing is for number one, change of accounting, what have you learned in doing your research as to the documentation and paper trail for the reasoning for changing back in 2015. Director of Finance Navazio said that was a difficult question to answer and that the core issue was that the District didn't operate purely under enterprise or special revenue funds and that the documentation and what was presented to support the transition was absolutely prepared with a goal to transfer to special revenue. Trustee Schmitz said now that we are going back to them, is this management saying that we are not properly reflecting, in our reporting and accounting, how we run our businesses. Director of Finance Navazio said that is not what we are saying and you can say that a case was made and accepted that the District made a case under special revenue funds and can make a case under enterprise funds. The recommendation tonight is not coming from the basis that we are doing anything wrong nor doing anything wrong in our current accounting. The auditors haven't identified any wrongs and the State of Nevada have again reaffirmed that the District's budget complies with the rules and regulations. It is hard to answer the question under this agenda item, however if the Board wants to discuss it, Staff is comfortable with taking that path tonight and the District is not out of compliance. Interim District General Manager Winquest said that he completely agrees with the Director of Finance on his response and it is really difficult to put either one of us up to try and examine what was said by Staff back in 2015. We have identified the direction we need to go and taken steps to move forward. It would be good to know what was said to the Department of Taxation but we need to move forward. Trustee Schmitz said that when the Director of Finance said one of the things he wanted to understand was the reasoning and what was their case, what was that. She brings this up because it was something that the Director of Finance said. Director of Finance Navazio said that he has reviewed the Staff report and the memorandums that went to the Board, reviewed the memorandum and correspondence that was provided to the State by the former Director of Finance, and what he doesn't have is the complete documentation that was requested and provided to the State for the review of the issue because that would be the complete history. He has requested information from the State but he hasn't received anything yet so he is going on the Board memos and correspondence to the State and GAAP and GASB requirements. Part of him is looking forward to having this discussion and laying it out and if the Board

wants to transfer back, then we should move forward. We can still have the discussion about the why but we don't want that to cause a delay. Staff will be responding to issues but also expediting and transitioning back to enterprise funds and that is appropriate. When we do that change, we need to have a discussion about how we transition back to enterprise as we are not going back to the same structure and we can defer that conversation until we get further along. Trustee Callicrate said that this item was one of the items he had about not accepting the CAFR. He thinks that Staff is on the right track and the more important issue is transitioning back to enterprise funds and when we do that, we have to stick to our agenda, and we will have that discussion so we know what that looks like. Staff has been given direction by the Audit Committee on what we would like to see and in reaching out to Mr. Doblner and Ms. Newman. We are moving in the right direction, communicating to the community, and hearing everyone loudly and clearly that have been sitting on the back burner. Trustee Schmitz asked for a target date of when we will have the response for these items. Interim District General Manager Winquest said Staff will be providing an in depth response to all fourteen questions. Director of Finance Navazio said that Staff is working on them. Audit Committee Chairman Dent asked if we could have a response to one of them by the next meeting and if not, when. Director of Finance Navazio said that he is happy to prepare a status of all of them for your next meeting whenever that is and contingent on Board priorities, the status will be on the next Audit Committee meeting agenda. Audit Committee Chairman Dent said that he really likes that we are moving forward with going back to enterprise funds, seeing that we are revisiting Dillon's rule and learning as much as we can so future management/Boards don't have to repeat this. It all comes down to consistency and that being able to learn from the past will help us all learn in the present.

Audit Committee Chairman Dent deferred Item D.2.e. to the next meeting.

D.3. Review and discuss implementation of Board Policy 15.1.0 (Audit Committee) as amended by Board action at the meeting of May 6, 2020.

Audit Committee Chairman Dent deferred this item to the next meeting.

D.4. Set the date/time for the next Audit Committee Meeting (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Audit Committee Chairman Dent said this decision will be made at the regular Board meeting tonight.

E. APPROVAL OF THE MEETING MINUTES (for possible action)

E.1. Audit Committee Meeting of May 6, 2020

Audit Committee Chairman Dent asked for changes, none were made, so the meeting minutes were approved as submitted.

F. PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.

Linda Newman read the following statement:

Mr. Navazio, with all due respect, you are posing the use of Enterprise Fund Accounting and Governmental Fund Accounting as a choice for the Community Services and Beach Funds. There is no choice. Where is the documentation for the use of governmental fund accounting provided by management to the auditor and the Department of Taxation? You haven't produced anything that substantiates that the Community Services and Beaches qualify as governmental funds. Can you provide your independent analysis validating that these funds qualify as governmental funds? I haven't seen that either. Also, Enterprise fund accounting and reporting is required under GASB 34 Paragraph 67(c) when the costs of providing services including capital projects and debt service are recovered by fees and charges for services. So, I ask you, Mr. Navazio, if fees and charges for services are not covering the costs for the Community Services and Beach Funds, how are we recovering the costs? Please provide your response in writing. I would also like the full Board, not just the members of the Audit Committee to respond in writing to the same question: "If we are not recovering the costs by fees and charges for services, HOW ARE WE RECOVERING THE COSTS OF PROVIDING SERVICES?"

Cliff Dobler said let's get serious and go back to the footnote where they state what the reason for the change was; Mr. Dobler then read that footnote. If you don't change the 2020 budget, we will have in five years, a different CAFR. Now let's be serious about this, you need to look at the entire 107 pages because we only have 25 pages that were audited. The statistical section wasn't looked at, you don't what was being reported, nobody cares about most of it so size it down to something proper.

Frank Wright said he is a candidate to the Board and that after listening to tonight's meeting, it started off on the right note and doing the right thing. As the meeting went on, he started to hear some push back, push off and slide by that way. We want to climb out of that tunnel and do what you should do. Allow Mr. Dobler, Ms. Newman and Mr. Warren to participate and then let them chime in as it is kind of difficult to know there are experts out there that could help you. Suggest big time that you bring these people and let them be a part and open it up further because it is up to the Chair about the three minutes. You can make things work, get into discussion, be brought back in, go onto discussion, etc. Bring in these guys and let them be a part of the discussion, you will get things done.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 5:42 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.