

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM A
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: Roll Call / Conformance to Open Meeting Law.
RELATED TO AGENDA ITEM: None.
RECOMMENDATION OR RECOMMENDED MOTION: None.
FISCAL IMPACT: None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM B
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT:

Comments from the public. Members of the public are invited to comment on items on the meeting agenda. No action may be taken on a matter raised during public comment until the matter itself has been specifically included on an agenda as an item for possible action.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

None.

FISCAL IMPACT:

None.

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM C
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: <i>For Possible Action:</i> Approval of minutes of the December 12, 2022, meeting.
RELATED TO AGENDA ITEM: None.
RECOMMENDATION OR RECOMMENDED MOTION: None.
FISCAL IMPACT: None.

STAFF COMMENTS AND BACKGROUND:

The minutes of the December 12, 2023, meeting is enclosed for your review.

The Colorado River Commission of Nevada (Commission) Financial and Audit Subcommittee meeting was held at 2:10 p.m. on Tuesday, December 13, 2022, at the Clark County Government Center, Commission Chambers, 500 South Grand Central Parkway, Las Vegas, NV 89155.

COMMISSIONERS IN ATTENDANCE

Chairwoman

Kara J. Kelley

Vice Chairwoman

Marilyn Kirkpatrick

COMMISSIONERS PRESENT VIA TELECONFERENCE

Commissioner

Dan H. Stewart

DEPUTY ATTORNEY(S) GENERAL

Special Counsel, Attorney General

David W. Newton

COMMISSION STAFF IN ATTENDANCE

Executive Director

Eric Witkoski

Chief of Finance and Administration

Douglas N. Beatty

Assistant Director, Energy Information Systems

Kaleb Hall

Chief Accountant

Gail L. Benton

Senior Energy Accountant

Stephanie Salleroli

System Coordinator

Chris Smith

Executive Assistant Manager

Gina L. Goodman

Office Manager

Carol Perone

Administrative Assistant III

Saira Castillo

Administrative Assistant II

Joshua Cleveland

OTHERS PRESENT: REPRESENTING

Moss Adams

JD Menkens

Moss Adams

Keith Simovic

**COLORADO RIVER COMMISSION OF NEVADA
FINANCIAL AND AUDIT SUBCOMMITTEE**

**MEETING OF
DECEMBER 13, 2022**

INDEX

<u>Agenda Item</u>	<u>Subject</u>	<u>Page No.</u>
A.	Roll Call / Conformance to Open Meeting Law	1
B.	Comments from the public. Members of the public are invited to comment on items on the meeting agenda. (No action may be taken on a matter raised during public comment until the matter itself has been specifically included on an agenda as an item for possible action).....	1
C.	<i>For Possible Action:</i> Approval of minutes of the December 14, 2021, meeting.....	1
D.	<i>For Possible Action:</i> Discussion, review, and possible acceptance of the draft Financial Audit for Fiscal Year 2022, including, but not limited to, update of audit related activities, potential issues in any with completion of the audit and discussion of audit findings.....	1
E.	Comments from the public. Members of the public are invited to comment on items on the meeting agenda or on items not contained therein. No action may be taken on a matter raised during public comment until the matter itself has been specifically included on an agenda as an item for possible action.....	5
F.	Comments and questions from the Commission members	5
G.	Selection of the next possible meeting date	5
H.	Adjournment.....	5

The Colorado River Commission of Nevada (Commission) Financial and Audit Subcommittee meeting was called to order by Chairwoman Kelley at 2:10 pm, followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director, Eric Witkoski, confirmed that the meeting was posted in compliance with the Open Meeting Law.

B. Comments from the public. Members of the public are invited to comment on items on the meeting agenda or on items not contained therein. No action may be taken on a matter raised during public comment until the matter itself has been specifically included on an agenda as an item for possible action.

Subcommittee Chairwoman Kelley asked if there were any comments from the public. There were none.

C. For Possible Action: Approval of minutes of the December 14, 2021, meeting.

Vice Chairwoman Kirkpatrick moved for approval the minutes of the December 14, 2021, meeting. The motion was seconded by Commissioner Stewart and approved by unanimous vote.

D. For Possible Action: Discussion, review, and possible acceptance of the draft Financial Audit for Fiscal Year 2022, including, but not limited to, update of audit related activities, potential issues in any with completion of the audit and discussion of audit findings.

Chief of Finance and Administration Douglas Beatty provided an overview and status of the Financial Audit for Fiscal Year 2022 draft and the implementation of GASB 87. Mr. Beatty introduced Moss Adams for a brief presentation on the status of the audit for 2022.

Mr. Beatty stated the latest draft of the financial statements has been provided, and this is a draft that came from the auditors. It is in very good shape in terms of the basic financial statements in the footnotes. The introductory section and the statistical section are still being worked on. Staff has been working with the state Controller's office to finalize several items. Those items are reflected now in the basic financial statements and are in the process of ensuring that the narrative portion and the statistical portion then agree to those basic financial statements. The auditors have essentially completed their audit. There are still a couple of items that they will finalize and look at to make sure that everything is correct. More specifically, the implementation of GASB 87, which was the lease standards, this caused a delay as Staff had to wait for the controller to provide it. The controller has had it for a couple of weeks, but they have not had a lot of time to look at it, those entries are reflected in the basic financial statements, and if they agree with the entries, Staff does not anticipate any changes.

Mr. Beatty invited the representatives from Moss Adams to begin their presentation.

Keith Simovic - Partner, Engagement Reviewer of Moss Adams provided a brief presentation on the status of the audit process. Please see below. Mr. Simovic is a partner and the overall engagement reviewer on the audit, he is responsible for setting the audit plan, signing off on all audit work papers, and ultimately taking responsibility for audit reports and signing off on those as well.

Nature of Services Provided

1. Independent Auditor's Report on the financial statements of Colorado River Commission of Nevada
2. Assistance with, and technical review of the ACFR for compliance with GAAP as well as GFOA Certificate of Excellence requirements
3. Report of Independent Auditors' on Internal Control Over Financial Reporting and on Compliance in Accordance with *Government Auditing Standards*
4. Communication to Those Charged with Governance

Significant Audit Areas

- GASB 87 – Leases – Completeness
- Power Sales Revenues – Completeness and Accuracy
- IT User Access
- Year End Legal Requirements Journal Entry
- Pension and OPEB Accounting

Audit Opinion / Reports

- Financial Statements – Unmodified (clean) opinion on financial statements
- Government Auditing Standards Report – No reportable findings
- Communication to Those Charged with Governance – No material weaknesses

JD Menkens - Senior, In Charge Auditor also provided a brief presentation on the status of the audit. Please see below. Mr. Menkens is responsible for going through a lot of the preparation, drafting of the financial statements, and overall everything this year.

Required Communication

- Auditor's responsibility under auditing standards
- Significant accounting policies – Adoption of GASB 87
- Management judgments & accounting estimates
- Audit adjustments – none noted
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit
- Other observations and recommendations – No material weaknesses noted

Mr. Simovic, continued the presentation of Required Communication.

Required Communication (continued)

Impact of adopting GASB 87

- Right to use asset (building lease)
- Long-term lease liability
- Current portion of long-term lease liability
- Amortization of right to use asset
- Interest expense

Vice Chairwoman Kirkpatrick stated her appreciation and questioned why all these accounting standards changes, is there something they are looking for because she feels like we are accruing liability just trying to understand as this has been going on for the last five years and it seems like they cannot find a one size fits all, thus they are adjusting it, but wants to know what are they looking for and also are some practices that people are doing wrong, that they want to curb.

Mr. Simovic responded that Moss Adams has been getting that question quite a bit. Everyone is looking at this and saying, why are we having to go through this exercise creating a lot more pressure on our people, at least in the year of adoption and organizations that have a lot of leases, so airports that we work with have are really impacted by this. Some organizations are having to go out and buy software for this type of this type of accounting going forward, so it really does have a true financial impact overall on an organization. In certain cases, and the reason, at least for this standard specifically and a lot of the standards we have seen over the last several years. as you alluded to, this has been going on for five years. You are right, there has been quite a few changes, significant changes that GASB has put out there. Not only GASB, but on the corporate side as well. The Financial Accounting Standards Board (FASB) for all the private entities and publicly traded companies follow, and GASB kind of follows closely with what those standards are. What has been happening is there is a lot of pressure to align with what international standards have, and so if you are an organization and you want to be able to compare yourself to an organization in a separate country right now, it is very hard to do that because everyone is accounting for things in different ways. These changes are getting things closer together so that organizations look a lot more similar in terms of how they are accounting for things and how they are reporting on their finances. That is really where the pressure is coming from, and it filters down into the publicly traded companies and through the FASB and then over to the GASB, and they usually make a few changes on their standards when they adopt them, but it is pretty much the same thing. This is the same standard for the most part that any corporate entity is adopting this year as well, and it really all started from that and from international standards and the pressure to align with what everyone else is doing in other countries.

Vice Chairwoman Kirkpatrick thanked Mr. Simovic for recognizing our Staff's work ethic and efficiency. In the past, we worked with a few auditors where unfortunately the needs from both ends were misunderstood. Vice Chairwoman Kirkpatrick is delighted to see this progress in spite of the challenges and continuous change.

Mr. Simovic stated that this year they were able to host us onsite and it was great to be face to face and work through this again, and plans to continue doing that going forward. Their ability to host this onsite is appreciated and provided a lot of this information in

person so we can get through the process, which is how audits have been done for a long time. He appreciated that and working with the team at the Colorado River Commission. The Staff have been very great to work with and happy that we can get to this point.

Mr. Simovic concluded his presentation with acknowledgments.

Acknowledgements

Thanks to Doug Beatty, Gail Benton, and their staff for their excellent facilitation of the audit process

- The audit progressed on time and in an orderly fashion; all requested schedules were received on a timely basis.
- All personnel across all departments were courteous, responsive, and fulfilled all our requests in a timely manner.
- 'Tone at the Top' and attitude from management was one of helpfulness, candor, and openness in response to audit requests and discussion points.

Mr. Beatty thanked Moss Adams for their professionalism and their assistance with the GASB 87 implementation. Mr. Beatty also expressed his gratitude towards Gail Benton and Stephanie Sallerori for their excellent work, because even though they were one staff short, as Ha Tran had left just before the audit began, they managed to accomplish the tasks needed to get done.

Chairwoman Kelley thanked Mr. Beatty and Moss Adams. She recalled when the bid from the customer service aspect, the responsiveness, the recognition that what the auditor's role is that it does not have to be adversarial, and that the board is really committed to making sure that our audits are complete and appropriate, and we welcome perspective if we need to fix something. We have been so confident in our staff and continue to be because of the commitment that Doug, Gail and Stephanie and the team under Eric's leadership continue to be committed to in terms of excellence in making sure that the customers dollars are spent appropriately and in a manner with which customers are allowed input, et cetera. Chairwoman Preamsirut thanked Mr. Simovic and Mr. Menkens.

Chairwoman Kelley, Vice Chairwoman Kirkpatrick and Commissioner Stewart all thanked Moss Adams for their excellent work.

Vice Chairwoman Kirkpatrick moved for approval acceptance of the Financial Audit for Fiscal Year 2022 draft, including, but not limited to, update of audit related activities, potential issues in any with completion of the audit and discussion of audit findings. The motion was seconded by Commissioner Stewart and approved by unanimous vote.

E. Comments from the public. Members of the public are invited to comment on items on the meeting agenda or on items not contained therein. No action may be taken on a matter raised during public comment until the matter itself has been specifically included on an agenda as an item for possible action.

Subcommittee Chairwoman Kelley asked if there were any other comments or questions from the public. There were none.

F. Comments and questions from the Commission members.

Vice Chairwoman Kelley asked if there were any comments or questions from any Commission members. There were none.

G. Selection of the next possible meeting date.

The next meeting date is to be determined.

H. Adjournment.

The meeting was adjourned at 2:39 p.m.

Eric Witkoski, Executive Director

APPROVED:

Kara J. Kelley, Chairwoman

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM D
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: Discussion, review, and possible acceptance of the draft Financial Audit for Fiscal Year 2023, including, but not limited to, update of audit related activities, potential issues if any with completion of the audit and discussion of audit findings.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM E
FOR MEETING OF FEBRUARY 13,2024**

SUBJECT: *For Information Only:* Notification of receipt of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the Commission's Annual Comprehensive Financial Report for the fiscal year ended June 30,2022.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM F
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: Comments from the public. Members of the public are invited to comment on items on the meeting agenda or on items not contained therein. No action may be taken on a matter raised during public comment until the matter itself has been specifically included on an agenda as an item for possible action.

RELATED TO AGENDA ITEM:

None.

RECOMMENDATION OR RECOMMENDED MOTION:

FISCAL IMPACT:

None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM G
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: Comments and questions from the Commission members.
RELATED TO AGENDA ITEM: None.
RECOMMENDATION OR RECOMMENDED MOTION:
FISCAL IMPACT: None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM H
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: Selection of the next possible meeting date.
RELATED TO AGENDA ITEM: None.
RECOMMENDATION OR RECOMMENDED MOTION:
FISCAL IMPACT: None.

STAFF COMMENTS AND BACKGROUND:

**COLORADO RIVER COMMISSION OF NEVADA
AGENDA ITEM I
FOR MEETING OF FEBRUARY 13, 2024**

SUBJECT: Adjournment.
RELATED TO AGENDA ITEM: None.
RECOMMENDATION OR RECOMMENDED MOTION:
FISCAL IMPACT: None.

STAFF COMMENTS AND BACKGROUND: