

January 21, 2025

Nevada Department of Taxation ("NDOT")  
Committee on Local Government Finance ("CLGF")  
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**TRANSMITTED BY E-MAIL**

Re: January 22, 2025 CLGF Meeting – Agenda Item 3(b) – Recommendation to the  
NDOT Whether to Place The Incline Village General Improvement District  
("IVGID") on Fiscal Watch Pursuant to NRS 354.675

Chairperson Leavitt and Other Honorable Members of the CLGF:

Unlike others who have communicated with the CLGF<sup>1</sup> insofar as this matter is concerned, I am a long-time permanent full-time resident of Incline Village. My wife and I have lived in Incline Village, as our personal residence, for over 17½ years. And we have conducted an extensive study of IVGID's creation and history. Unlike Mr. Homan, Mr. Riner, Ms. Wells and Ms. Crocker, each of whom has been a resident for less than a single handful of years, we've seen it all. And the suggestion IVGID can be fixed by "tun(ing) out the mis-information and questionable narratives that are being authored by residents with possible agendas that are not in the best interests of IVGID or its residents," and "mak(ing) the decisions needed to rectify (its) precarious position in terms working with staff to develop more balanced and attainable budgeting and rebuilding our reserve balances," is nothing short of a pipedream. Our financial problems go to IVGID's very existence. And they are unsustainable without perpetuating the fraud which mires our assumption of public recreation powers in 1965.

For decades IVGID has been successful in avoiding scrutiny and oversight by any other governmental or court entity. Until now. The CLGF has the opportunity to correct the District's course. But members need to understand what it is we are, and how we've deviated from what is supposed to be our limited purpose. Therefore with your permission.

### **WHAT IS A GENERAL IMPROVEMENT DISTRICT ("GID")?**

In a nutshell, it's a limited purpose special district. Limited in that it may only exercise some of the basic powers a true municipality may exercise<sup>2</sup> (thus use of the term "quasi-municipal"). I can quote NRS 318.075(1) if you'd like (GIDs are "governmental subdivision(s) of

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<sup>1</sup> Including Mick Homan, Miles Riner, Kristi Wells, Karen Crocker.

<sup>2</sup> Notably and unlike true municipalities, GIDs have no general powers. That would be those to provide for the health, safety and general welfare of its citizens.

the State of Nevada, a body corporate and politic and a quasi-municipal corporation"). But in the end, NRS 318.055(4)(b) instructs that a GID's powers are expressly *limited*<sup>3</sup> to those "basic powers for which the district (wa)s proposed to be created...in (its) initiating ordinance (as long as)...one or more of those authorized in NRS 318.116, as supplemented by the sections of... chapter (NRS 318) designated therein."

### HOW AND WHEN IVGID CREATED

Given NRS 318.055(1)(a) instructs that "formation of a district may be initiated by a resolution adopted by the board of county commissioners," on May 20, 1961 the Washoe County Board of Commissioners ("County Board") passed such resolution; Ordinance No. 97, Bill No. 57<sup>4</sup>.

### WHAT PERCENTAGE OF LOCAL GOVERNMENTS ARE EVIDENCED BY GIDs?

The Department NDOT's web site instructs that its "Local Government Finance Section provides oversight of the financial administration of approximately 260 Nevada local governments."<sup>5</sup> Given there were at least "84 total GIDs active throughout the State of Nevada ... (as of) FY 2013...with a combined total value of approximately \$46.7 billion,"<sup>6</sup> we see that GIDs represent a whopping 32.3% of all local governments in the State! Warranting the CLGF's serious attention.

### WHY IVGID WAS CREATED

Because County Boards "had very little guidance on when and where GIDs should be created," and "since 1967 there (w)as...an exception...to the service plan requirement for districts initiated by county commissioners as opposed to those initiated by private individuals or groups...this exception...led, on a number of occasions, to the proposal of a district by a board of county commissioners when, in fact, the district was initiated by local...a developer."<sup>7</sup> Which allowed real estate developers to: form GIDs; assume powers to construct streets and highways, public water and sewer systems; issue bonds to fund construction of these improvements; and assess "specially benefited" local parcel owners the servicing and repayment costs of those bonds. Which is exactly what happened insofar as IVGID is concerned.

<sup>3</sup> I say "expressly limited" because of *Dillon's Rule* [which "serves an important function in defining the powers of (local) government" {see NRS 244.137(5)}] given "in Nevada's jurisprudence, the Nevada Supreme Court has adopted and applied Dillon's Rule to county, city and *other local governments*" [see NRS 244.137(2)]. And "Dillon's Rule provides that (the governing boards of local governments) possess...and may exercise **only** the following powers and **no others**: (a) those... granted in **express terms** by the Nevada Constitution or statute; (b) those...necessarily or fairly implied in or incident to the powers expressly granted; and, (c) those...essential to the accomplishment of...declared objects and purposes...and not merely convenient but indispensable" [see NRS 244.137(3)].

<sup>4</sup> Go to <https://www.washoecounty.gov/clerks/cco/ordinances/0097%20-%20Bill%2057.pdf>.

<sup>5</sup> Go to <https://tax.nv.gov/local-government-finance/>.

<sup>6</sup> Go to <https://www.nvnaco.org/wp-content/uploads/Funding-Econ-Dev-in-NV-Gen-Improvement-Districts.pdf>.

<sup>7</sup> See Nevada Legislative Commission of the Legislative Council Bureau Bulletin 77-11, *Creation, Financing and Governance of General Improvement Districts*, at <https://www.leg.state.nv.us/Division/Research/Publications/InterimReports/1977/Bulletin77-11.pdf>.

## IVGID's ASSUMPTION OF PUBLIC RECREATION POWERS

Until 1965 no GID could assume the power to furnish facilities for public recreation. But that all changed when Incline Village's developer, Crystal Bay Development Co. ("CBD"), successfully lobbied the State Legislature to allow GID Boards to "acquire, construct, reconstruct, improve, extend and better lands, works, systems and facilities for public recreation."<sup>8</sup> And within a matter of months (November 15, 1965<sup>9</sup> to be exact), IVGID was granted this power pursuant to the authority of NRS 318.077<sup>10</sup>.

### WHY SECURING THIS SUPPLEMENTAL POWER WAS SO IMPORTANT TO CBD

Because CBD had represented to all purchasers of Incline Village property that an homeowner's association ("HOA") would own, improve, maintain and operate Incline Village's coveted Lake Tahoe beaches, it was obligated to transfer title to those beaches to the HOA. But when it could not perform because those beaches had been encumbered; and purportedly the HOA which had been created had no power to compel local property owner-members to pay assessments; a "white knight" had to be found. And that knight became IVGID.

### IVGID'S REPRESENTATIONS TO THE COUNTY BOARD IN SUPPORT OF ITS REQUEST FOR NEW PUBLIC RECREATION POWERS

However, the IVGID Board at the time, which was controlled by CBD's principles, attorney, or third parties with common interests, made representations to the County Board and the public they knew were untrue which resulted in a split (3-2) decision granting IVGID this new basic power. In testimony before the County Board<sup>11</sup>, Harold Tiller, IVGID's Treasurer, represented that if this new basic power were granted:

1. The **only** recreation properties which would be acquired with this new basic power were public parks and the beaches;

2. All other contemplated recreation properties ("two great golf courses; the finest tennis facilities in the world...a major ski development; riding stables with vast areas for activities such as trails to the very crest of the mountains...horse back and wagon hay rides; gaming and related night club entertainment; and, a cultural center with related youth programs") "w(ould) be, privately owned...operated...operated" and presumably financed ...except...park properties (including the beaches);"

3. The beaches would be acquired "as public property;"

<sup>8</sup> See Sec. 21.5 of SB297, Chapter 413, 1965 Statutes of Nevada, at p. 1088 SB 297 (go to <https://www.leg.state.nv.us/division/legal/lawlibrary/Statutes/53rd/Stats196506.html#Stats196506page1088>).

<sup>9</sup> See County Board Ordinance No. 97, Bill No. 132, at <https://www.washoecounty.gov/clerks/cco/ordinances/0097%20-%20Bill%20132.pdf>.

<sup>10</sup> Which permits GID "board(s) to...elect to add basic powers not provided in its formation, in which event the board shall cause proceedings to be had by the board of county commissioners similar, as nearly as may be, to those provided for the formation of the district, and with like effect"].

<sup>11</sup> Mr. Tiller's October 25, 1965 testimony appears in a letter attached hereto as Exhibit "A."

4. "The property owners of...IVGID would be assured forever of access to and use of Lake Tahoe;"

5. The District's acquisition of public parks and beaches would be "economically sound and feasible" because IVGID's current and future anticipated *ad valorem* taxes (the funding source) would "readily finance the acquisition and operation of the...beaches;"

6. "The beaches c(ould) be acquired for \$1,250,000" payable to CBD;" and,

7. The IVGID Board contemplated "a bond issue to acquire (public park and beach)... properties."

### **IVGID'S REPRESENTATIONS TO THE COUNTY BOARD WERE FALSE**

After obtaining its new recreation powers, they were exercised by the IVGID Board **contrary** to Mr. Tiller's representations in the following particulars:

1. The beaches were not acquired as public property. Instead, they were acquired with use restrictions "by, and for the benefit of, (local) property owners and their tenants...within Incline Village General Improvement District as (then) constituted, and as the Board of Trustees of said District (could) determine, the guests of such property owners;"<sup>12</sup>

2. On August 25, 1994, the IVGID Board voted to formally merge Crystal Bay GID ("CBGID") into IVGID<sup>13</sup>. Making property owners in CBGID, property owners in IVGID. Yet notwithstanding, the former owners of property in CBGID were "forever...(denied) access to and use of Lake Tahoe;"

3. In a March 7, 1968 letter from CBD and all members of the IVGID Board, IVGID's purchase price for the beaches escalated to \$2,100,000. Since local parcel owners ended up paying the servicing and repayment costs on the bond issued to acquire the beaches (see discussion below), those parcel owners for whose benefit the beaches were purchased, ended up paying \$850,000 *more* than originally represented;

4. On October 5, 1967, the then IVGID Board passed Resolution No. 419, whereby it resolved that rather than its *ad valorem* taxes as originally represented to the County Board and the public, the servicing and repayment costs associated with the bonds to be issued to acquire the beaches would be paid by a new "fee" involuntarily assessed against all local property within IVGID's boundaries; and,

5. Since bonding and use of this "fee" had worked so well insofar as beach acquisition was concerned, beginning in 1976 IVGID acquired, operated, maintained, renovated and financed all sorts of other recreation facilities [two golf courses, Ski Incline, Bowl Incline, facility rentals (The Chateau and Aspen Grove), a tennis center, restaurants, retail sales facilities, a recreation center complete with indoor pool, etc.].

<sup>12</sup> See IVGID's deed to the beaches which is attached hereto as Exhibit "B."

<sup>13</sup> See IVGID Resolution No. 1651.

**IN OTHER WORDS, TODAY'S IVGID AND ITS OWNERSHIP AND OPERATION OF PUBLIC RECREATION FACILITIES AND THE SERVICES THEY OFFER, PAID FOR USING THIS DISINGENUOUS "FEE,"<sup>14</sup> IS THE PRODUCT OF FRAUD**

Ask your attorney for the definition of fraud. In Nevada it is "a criminal offense when people deliberately misrepresent themselves in order to receive benefits to which they are not legally entitled."<sup>15</sup> "A fraudulent act can be perpetrated against a person, company, organization or government entity."<sup>16</sup> And in Nevada, there are dozens of categories and subcategories of fraudulent activities, including:

- Real estate fraud;
- Bank fraud;
- Gaming fraud;
- Healthcare fraud;
- Soliciting or obtaining money under false pretenses;
- Securities fraud;
- Insurance fraud;
- Tax fraud;
- Welfare fraud;
- Unemployment insurance fraud;
- Credit card fraud;
- Identity theft;
- Mail fraud;
- Wire fraud;
- Forgery;
- Money laundering;
- Embezzlement; or,

Financial fraud when it comes to annual audits of a local government's financial statements<sup>17</sup>.

<sup>14</sup> The reason I say "disingenuous," is because this fee is an invalid special tax against real property.

<sup>15</sup> Go to <https://www.shouselaw.com/nv/laws/fraud/>.

<sup>16</sup> Go to <https://thedefenders.net/blogs/fraud-in-nevada/#:~:text=In%20legal%20terms%2C%20fraud%20is,monetary%20gain%20or%20other%20benefits.>

<sup>17</sup> An annual audit of a local government's financial statements "must be...conducted in accordance with generally accepted auditing standards in the United States ('GAAP'), including findings on compliance with statutes and regulations" [see NRS 354.624(4)]. "GAAP prohibits fraud in financial statements by requiring companies (and governments) to follow standardized accounting practices that promote accuracy and transparency...Any intentional misstatement or omission designed to deceive users would be considered a violation of GAAP" [see <https://pcaobus.org/oversight/standards/archived-standards/pre-reorganized-auditing-standards-interpretations/details/AU316#:~:text=Misstatements%20arising%20from%20fraudulent%20financial%20reporting%20are%20intentional%20misstatements%20or,material%20respects%2C%20in%20conformity%20with>]. Thus where "an auditor finds evidence of fraud or dishonesty in the financial statements of a local government, the auditor shall report such evidence to the appropriate level of management in the local government" and "the governing body shall act upon the(m)" [see NRS 354.624(8)-(9)]. Because it is unlawful for "an...officer or employee of a local government (to) willfully violate...NRS 354.470 to 354.626, inclusive" [see NRS 354.626(1)].

Here IVGID's assumption of the power to furnish facilities for public recreation is based upon fraud in the inducement. In other words, the County Board was defrauded into granting IVGID this basic power. And as a result, essentially all the problems we face today with IVGID, are the product of this fraud.

**GIVEN THE POPULATION OF INCLINE VILLAGE COMPARED TO OTHER WASHOE COUNTY MUNICIPALITIES, IVGID'S PUBLIC RECREATION FACILITIES, BY DESIGN, ARE UNDER-UTILIZED REQUIRING OPERATION AS "FOR PROFIT" COMMERCIAL ENTERPRISES WHICH CATER TO THE WORLD'S TOURISTS**

Given NRS 318.145 and 318.175(2) give GID "Board(s)...the power to operate...the improvements acquired by the district (and)...any district project," IVGID staff take the position they are free to operate District public recreation facilities and the programs offered thereat as they see fit<sup>18</sup>. Even as if they were private "for profit" commercial business enterprises with all that entails. Notwithstanding, for over five (5) decades now, District staff have been *unable* to operate any of its public recreation facilities on a financial break even or positive cash flow basis. Meaning staff have always relied upon a financial subsidy of one sort or another. And because NRS 318.197(1) only allows GIDs to fix "rates, tolls and charges" other than *ad valorem* taxes (see NRS 318.225) and special assessments against lands [see NRS 318.350(1)], IVGID's subsidy has become this disingenuous "fee." What it labels a Recreation Facility Fee ("RFF").

**JUST BECAUSE IVGID LABELS ITS FINANCIAL SUBSIDY (RFF)  
A "FEE," DOESN'T NECESSARILY MAKE IT SO**

In my November 4, 2024 letter to the CLGF<sup>19</sup>, I made the case that just because the District has labeled its RFF a NRS 318.197(1) rate, toll or charge, doesn't necessarily make it so. Because "the nature of (a) tax or charge that a law imposes is not determined by the label given to it but by its operating incidence."<sup>20</sup> I also made the case that according to the District's last two auditors (DavisFarr and Eidy Bailly), as well as its previous Finance Director (Paul Navazio), the RFF is the product of nonexchange transactions. And for this reason, it is a tax<sup>21</sup>.

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<sup>18</sup> This position belies Nevada's adoption of *Dillon's Rule*<sup>3</sup>. Given NRS 318.055(4)(b) instructs that "the basic...powers stated in (a GID's) initiating ordinance must be one or more of those authorized in NRS 318.116, as supplemented by the sections of this chapter designated therein," I ask the CLGF to show me where GIDs are authorized to operate their recreation facilities as if they were private "for profit" commercial business enterprises, rather than "promot(ing) the health, safety, prosperity, security and general welfare of the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada" as NRS 318.015(1) instructs. Since the answer is *nowhere*, *Dillon's Rule* instructs GIDs are *not* permitted to operate their public recreation facilities as "for profit" private commercial business enterprises. And if there be "any fair or reasonable doubt concerning the existence of (this) power, (*Dillon's Rule* instructs) that doubt (be) resolved against (IVGID)...and the power (be) *denied*" [see NRS 244.137(4)].

<sup>19</sup> See pages 460-471 of the packet of materials prepared by staff in support of this meeting ("the meeting packet").

<sup>20</sup> See *Clean Water Coalition v. The M Resort*, 127 Nev. Adv. Op. 24, 255 P.3d 247 (2011).

<sup>21</sup> GASB 33 "establishes accounting and financial reporting standards for nonexchange transactions. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. This is different from an *exchange* transaction (where)...each party receives and gives up essentially equal values." GASB 33 identifies four classes of possible nonexchange transactions. And the only one which conforms to the District's RFF, is

An invalid one no less inasmuch as the only tax a GID is authorized to levy is an *ad valorem* one (see NRS 318.225). Given IVGID's RFF is uniform in amount and not based upon assessed valuation, it is a special tax against property; a form of tax **not** recognized in Nevada.

**NO OTHER FORM OF GOVERNMENT IN THE STATE HAS THE  
AUTHORITY TO SUPERVISE OR REGULATE GIDS, NOR TO  
RENDER VOID IVGID'S INVOLUNTARILY ASSESSED RFF**

Some years ago the County Board inquired into its authority to reign in out-of-control IVGID. It commissioned a memorandum by former Washoe County Ass't District Attorney Paul Lipparelli. And his August 21, 2015 memo<sup>22</sup> concluded that:

Although the County Board "is vested with the authority to create (GID) districts within the county...once they are in existence...(they) are independent legal entities with their own perpetual existence ...(and) not subject to direct review or oversight of...boards of county commissioners."

In complete frustration, I looked to our court system to address this injustice. After all, NRS 30.040(1) instructs that "any person...whose rights, status or other legal relations are affected by a statute, municipal ordinance, contract or franchise, may have determined *any* question of construction or validity arising...thereunder...and obtain a declaration of rights, status or other legal relations." Yet former judge Patrick Flanagan concluded otherwise<sup>23</sup>.

"This Court has reviewed the statutory scheme of NRS Chapter 318 and finds that, aside from containing no express private remedy for citizens like Katz, it militates against any implication of a private remedy...As a consequence, Katz's First, Second, Seventh, Eighth, Ninth, Tenth and Eleventh Causes of Action...must be denied on the pleadings because they fail to state a cause of action upon which relief can be granted. The declaratory relief Katz requests is simply unavailable under NRS Chapter 318."<sup>24</sup>

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*"imposed nonexchange revenues, which result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (for example, property taxes and fines)."*

<sup>22</sup> That memo can be viewed at [https://www.washoecounty.gov/bcc/board\\_committees/2015/files/agendas/2015-08-25/9.pdf](https://www.washoecounty.gov/bcc/board_committees/2015/files/agendas/2015-08-25/9.pdf). And for the CLGF's convenience, it is attached hereto as Exhibit "C."

<sup>23</sup> Dr. Riner has deceitfully suggested to the sub-committee that my request for court supervised declaratory relief was dismissed for a lack of substantive merit (see page 458 of the meeting packet). Yet as the CLGF can see for itself, rather than addressing the substantive issues at play, Judge Flanagan dismissed my challenge procedurally for a lack of standing.

<sup>24</sup> Judge Flanagan's entire August 22, 2012 Order re Dismissal is attached hereto as Exhibit D."

**FOR THESE REASONS, THE ONLY REMEDIES INCLINE VILLAGE/CRYSTAL BAY CITIZENS HAVE STANDING TO PURSUE TO ADDRESS DISPUTES THEY HAVE WITH THEIR GIDS, LIKE IVGID, ARE THOSE EXPRESSLY<sup>3</sup> RECOGNIZED BY NRS 318<sup>25</sup> OR 354<sup>26</sup>**

**THE DISTRICT HAS NEVER COMPLETED A FINANCIAL AUDIT FOR FISCAL YEAR 2023 IN ACCORDANCE WITH NRS 354.624(4)**

With that said, let's review IVGID's inadequacies insofar as its audited financial statements for 2023 and 2024. IVGID's fiscal year for financial reporting purposes ends as of June 30. Given NRS 354.624(1) instructs that "each annual audit must be concluded and the report of the audit submitted to the governing body...not later than 5 months after the close of the fiscal year for which the audit is conducted," IVGID was required to submit to its Board its audit of its 2023 financial statements no later than November 30, 2023. But IVGID *never* did. Although NRS 354.624(1) instructs "an extension<sup>27</sup> of this time may be granted by the Department of Taxation to any local government that submits an application for an extension," prior to November 30, 2023 the District began submitting application-after-application; each for a thirty (30) day extension. After three (3) such extensions, on March 28, 2024, the District was able to complete and present to its Board an alleged audit of its financial statements for fiscal year 2023. Those statements weren't actually delivered to the NDOT until April 1, 2024.

On September 18, 2024 budget analyst Kellie Grahmann sent IVGID a letter<sup>28</sup> wherein she stated the District's Annual Audit Report for Fiscal Year 2023 "did not meet the provisions required in NRS 354.624(4)." In other words, the failure to "includ(e) findings on compliance with statutes and regulations *and* an expression of opinion on the financial statements."

**GIVEN THE DISTRICT HAS FAILED "TO PROVIDE FOR AN AUDIT IN ACCORDANCE WITH THE PROVISIONS OF" NRS 354.624, THERE CAN ONLY BE ONE CONSEQUENCE UNDER NRS 354.624(1)**

And that is, "the Department of Taxation *shall* cause the audit to be made at the expense of the local government." Not "may," *but shall!*

**YET INSTEAD, BUDGET ANALYST KELLIE GRAHMANN INSTRUCTED IVGID NEED *NOT* COMPLETE AND FILE ITS 2023 FINANCIAL AUDIT WITH THE DEPARTMENT**

Ignoring the clear instruction of NRS 354.624(1), on October 17, 2024 budget analyst Kellie Grahmann instructed IVGID's interim Finance Director that the District need *not* complete and file audited financial statements for 2023 because of the non-opinion<sup>29</sup>. Where

<sup>25</sup> Such as NRS 318.515.

<sup>26</sup> Such as NRS 354.626(1).

<sup>27</sup> An extension. Not three (3) or more of them.

<sup>28</sup> See pages 428-429 of the meeting packet.

<sup>29</sup> Ms. Grahmann's e-mail to IVGID appears at page 469 of the meeting packet.



exactly did Ms. Grahmann obtain that authority? I find nothing in NRS 354 nor NAC 354 which provides therefore. **So does the CLGF intend to recommend to the NDOT that it *cause this audit to be made at the expense of the local government* as the NRS instructs? Or does the CLGF intend to let IVGID off the hook?**

**AT THE SUB-COMMITTEE'S JANUARY 9, 2025 MEETING IT WRONGLY  
DISMISSED IVGID'S FAILURE TO COMPLETE ITS 2023 FINANCIAL  
AUDIT AS "WATER UNDER THE BRIDGE"**

Unbelievably, at the sub-committee's January 9, 2025 meeting, it stated IVGID's 2023 audit should be excused for the failure to obtain an auditor's expression of opinion on the District's financial statements. This was and is wrong because of clear instruction of NRS 354.624(1), and its audit's *other* correctable deficiencies. For instance,

**The Incorrect Reporting of Community Service and Beach Fund "Operating Revenue:"** In my November 4, 2024 letter to the CLGF<sup>30</sup> I reported on the audit's failure to properly report "operating revenue" in its Community Service and Beach Funds. Rather than "water under the bridge," this deficiency can be remedied by properly report the RFF and Beach Facility Fee as non-operating revenues.

**The Failure to Include "Findings on Compliance With (NRS) Statutes And (NAC) Regulations:"** In my November 4, 2024 letter to the CLGF<sup>31</sup> I reported on the audit's failure to include findings on compliance with NRS statutes and NAC regulations. Rather than "water under the bridge," this deficiency can be remedied by including findings on compliance or lack thereof with RNS statutes and NAC regulations.

**THE DISTRICT HAS NEVER COMPLETED A FINANCIAL AUDIT FOR  
FISCAL YEAR 2024 IN ACCORDANCE WITH NRS 354.624(4)**

IVGID was required to submit to its Board its audit of its 2024 financial statements no later than November 30, 2024. When the CLGF created its sub-committee on October 23, 2024 IVGID staff made it perfectly clear the District intended to file its 2024 audit in a timely manner. Which seemed to be of upmost importance by Chairperson Leavitt. But barely a week later, interim finance director Susan Griffith made it clear to the Tahoe Daily Tribune Newspaper this was "not going to take place." And as I predicted in my November 4, 2024 letter to the CLGF<sup>32</sup>, on November 21, 2024, arguably relying upon NRS 354.624(1), IVGID asked for a sixty (60) day extension to January 30, 2025<sup>33</sup>. On December 9 this extension request was granted, however, upon the express condition "the submission of two copies of the audit report (be made) to the NDOT *no later than January 31, 2025.*"<sup>34</sup>

<sup>30</sup> See pages 462 and 471-472 of the meeting packet.

<sup>31</sup> See pages 470-471 of the meeting packet.

<sup>32</sup> See page 465 of the meeting packet.

<sup>33</sup> See page 431 of the meeting packet.

<sup>34</sup> See page 433 of the meeting packet.

But I knew *this would never take place*. And on December 23, 2024, IVGID asked for another sixty (60) day extension to February 28, 2025<sup>35</sup>. In other words it was clear that IVGID would be unable to “submi(t)...two copies of the audit report to the NDOT *no later than January 31, 2025.*”<sup>33</sup> And again the consequence? **No consequence!**

**NRS 354.675(1) INSTRUCTS THE CLGF RECOMMEND TO THE NDOT THAT  
IVGID BE PLACED ON FISCAL WATCH BECAUSE OF NRS 354.685(2)(a)**

NRS 354.675(1) instructs that “the NDOT shall provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department” where “the Department determines that one or more of the conditions identified in paragraphs (a) to (aa), inclusive, of subsection 2 of NRS 354.685 exist.” Here because the CLGF has evidence IVGID has been unable to complete two years’ worth of audits in a timely manner, and given §2(a) of NRS 354.685 identifies “required financial reports have not been filed or are consistently late” as such a condition, “the NDOT **shall** provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department.” This is not discretionary. **“Shall” means shall!**

**NRS 354.675(1) INSTRUCTS THE CLGF RECOMMEND TO THE NDOT THAT  
IVGID BE PLACED ON FISCAL WATCH BECAUSE OF NRS 354.685(2)(b)**

In my October 22, 2024 letter to the CLGF I offered evidence that for fiscal year 2023-24<sup>36</sup>, IVGID expended monies never appropriated according to the requirements of NRS 354.598005; a crime<sup>37</sup>. Thus because here the CLGF has evidence IVGID has expended money in excess of the amount appropriated, and given §2(b) of NRS 354.685 identifies “the unlawful expenditure of money in excess of the amount appropriated in violation of the provisions of NRS 354.626” as such a condition, “the NDOT **shall** provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department.” Again, this is not discretionary. **“Shall” means shall!**

**NRS 354.675(1) INSTRUCTS THE CLGF RECOMMEND TO THE NDOT THAT  
IVGID BE PLACED ON FISCAL WATCH BECAUSE OF NRS 354.685(2)(f)**

In my October 22, 2024 letter to the CLGF I offered evidence that IVGID has serious internal control problems as outlined in the RubinBrown forensic due diligence report. Thus because here the CLGF has evidence IVGID has serious internal control problems which have yet not been corrected, and given §2(f) of NRS 354.685 identifies “serious internal control problems” as such a condition, “the NDOT **shall** provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department.” Again, this is not discretionary. **“Shall” means shall!**

<sup>35</sup> See page 435 of the meeting packet.

<sup>36</sup> See Kelly Langley’s September 19, 2024 letter to IVGID. Another copy of this letter is attached as Exhibit “E.”

<sup>37</sup> See NRS 354.626(1).

**NRS 354.675(1) INSTRUCTS THE CLGF RECOMMEND TO THE NDOT THAT  
IVGID BE PLACED ON FISCAL WATCH BECAUSE OF NRS 354.685(2)(q)**

In my October 22, 2024 letter to the CLGF I offered evidence that IVGID has allowed its accounting system and recording of transactions to deteriorate to such an extent that it is not possible to accurately measure the results of operations nor to ascertain its financial position without a reconstruction of transactions as outlined in the RubinBrown forensic due diligence report. Thus because here the CLGF has evidence IVGID has such problems which have yet not been corrected, and given §2(q) of NRS 354.685 identifies the same as such a condition, "the NDOT **shall** provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department." Again, this is not discretionary. "**Shall**" means shall!

**NRS 354.675(1) INSTRUCTS THE CLGF RECOMMEND TO THE NDOT THAT  
IVGID BE PLACED ON FISCAL WATCH BECAUSE OF NRS 354.685(2)(i)**

In my October 22, 2024 letter to the CLGF I offered evidence that IVGID has borrowed monies from its General Fund without providing the NRS mandated public hearing nor Board approval in violation of NRS 354.6118. Thus because here the CLGF has evidence IVGID has committed these wrongs, which even today have not been corrected, and given §§2(e) and (i) of NRS 354.685 identify the same as such a condition, "the NDOT **shall** provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department." Again, this is not discretionary. "**Shall**" means shall!

**NRS 354.675(1) INSTRUCTS THE CLGF RECOMMEND TO THE NDOT THAT  
IVGID BE PLACED ON FISCAL WATCH BECAUSE OF NRS 354.685(2)(s)**

In my October 22, 2024 letter to the CLGF I offered evidence that IVGID has loaned and borrowed monies without following the proper procedures. Thus because here the CLGF has evidence IVGID has committed these wrongs, which even today have not been corrected, and given §§2(e) and (s) of NRS 354.685 identify the same as such a condition, "the NDOT **shall** provide written notice to the local government, the (Tax) Commission and the Committee that (IVGID) has been placed on fiscal watch by the Department." Again, this is not discretionary. "**Shall**" means shall!

**So again, does the CLGF intend to recommend to the NDOT that it *cause IVGID to be placed on fiscal watch* as the NRS instructs? Or does the CLGF intend to let IVGID off the hook?**

**THESE PROBLEMS KEEP HAPPENING OVER-AND-OVER AGAIN  
BECAUSE IVGID IS FORCED TO HIDE THE TRUE NATURE OF  
ITS INVALID SPECIAL TAX WHICH EMPOWERS ITS BOARD  
TO SUBSIDIZE GROSS OVERSPENDING**

Given the RFF represents 16% of all operating income assigned to IVGID's Community Service Fund but for operating grants, and the BFF represents a whopping 82½% of all

operating income assigned to IVGID's Beach Fund, it quickly becomes apparent that without the involuntary subsidy of the RFF/BFF the District: has incurred debt beyond its ability to repay; has insufficient cash to meet required payroll payments; and, refuses to correct violations of statutes or regulations noted in its audit report. In other words, a house of cards ready to collapse, and further grounds for placing IVGID on fiscal watch.

**THE TERMINATION OF IVGID'S MOST RECENT GENERAL MANAGER  
AFTER A SCANT SIX (6) WEEKS OF EMPLOYMENT, AND THEN  
OBLIGATING LOCAL PARCEL OWNERS TO PAY IN EXCESS OF  
\$261,000 IN SEVERANCE COMPENSATION ONLY BECAUSE  
HE WASN'T THE CURRENT BOARD'S "FIRST CHOICE,"  
REPRESENTS MORE EVIDENCE THE IVGID BOARD  
IS NOT PROPERLY MANAGING THE DISTRICT**

At the IVGID Board's January 16, 2025 meeting, it voted to forthwithly terminate its General Manager (Kent Walrack) of but a scant six (6) weeks. And the reason? Because Mr. Walrack wasn't the first selection of a majority of Board members. This termination, without cause, subjects the District to over \$261,000 in severance compensation. A complete waste of taxpayer monies even though Mr. Walrack received rave review from the sub-committee at its January 9, 2025 meeting.

I don't understand why the CLGF is reluctant to place IVGID on fiscal watch pursuant to NRS 354.675. But since the CLGF is willing to consider "other action," I renew my several past requests the NDOT notify Washoe County pursuant to NRS 318.515 that the IVGID Board is not properly managing IVGID. If I didn't previously offer sufficient evidence of improper management, doesn't this current episode bridge the gap? Given IVGID is the equivalent of a limited purpose mosquito district, where does it get off paying a GM in excess of \$250,000 of compensation plus an overly generous benefit package? And then a severance package which pays him/her in excess of \$261,000 should he/she be terminated without cause?

Given NRS 318.515(1) instructs that the NDOT may "notify" the board of county commissioners of Washoe County to hold a hearing where it can determine that IVGID:

- (a) Is not being properly managed;
- (b) Its board of trustees is not complying with the provisions of chapter NRS 318 or any other law; or,
- (c) Its service plan is not being complied with<sup>38</sup>;

I submit the time has come to notify the County Board!

Beginning on July 15, 2024 I provided evidence of four (4) specific instances of the Board's: failure to comply with the provisions of chapter NRS 318 and any other law(s); and, its

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<sup>38</sup> IVGID has never adopted a service plan [see NRS 308.030(1)] because it was created prior to adoption of the Special District Control law [see NRS 308.010(1)]. It was grandfathered.

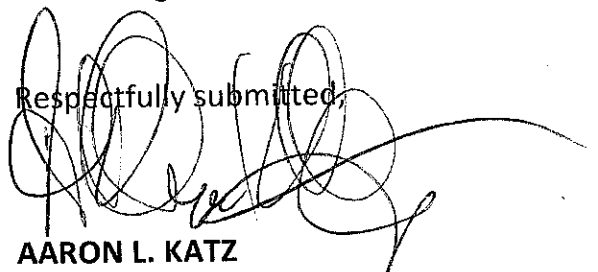
inability to properly manage IVGID. Then on September 18-19, 2024 CLGF staff provided evidence of an additional three (3) specific instances<sup>39</sup>. And on October 22, 2024 I provided evidence of yet an additional two (2) instances. And now I provide this evidence.

And if the above weren't sufficient, recall that on September 26, 2024 the IVGID Board made written request to Washoe County (which was rejected) for more help pursuant to NRS 318.098<sup>40</sup>! All told twelve (12) or more instances plus a letter asking for help! How many more such instances does the CLGF have to see before it takes action?

### CONCLUSION

Given the NDOT's job "is to make sure the tax system in Nevada is run *fairly*, efficiently and effectively,"<sup>41</sup> NRS 354.472(1)(d) instructs that "the purposes of NRS 354.470 to 354.626, inclusive, (in part), are "to provide for the control of revenues, expenditures and expenses in order to promote prudence and efficiency in the expenditure of public money," and in my opinion continuation of IVGID as we know it is financially unsustainable, I ask the CLGF to do its job of: causing an audit to be made of IVGID's 2023 financial statements at the expense of this local government; placing the District on fiscal watch pursuant to NRS 354.675; and, notifying the Washoe County Board to hold a hearing where pursuant to NRS 318.515(3) it may:

- (a) Adopt an ordinance constituting the board of county commissioners, *ex officio*, as the board of trustees of the district;
- (b) Adopt an ordinance providing for the merger, consolidation or dissolution of the district;
- (c) Vote to file a petition in the district court for the appointment of a receiver; or
- (d) Determine by resolution that management and organization of the district will remain unchanged.

Respectfully submitted,  


**AARON L. KATZ**  
P.O. Box 3022  
Incline Village, NV. 89450-3022  
(408) 741-1008  
e-mail · [s4s@ix.netcom.com](mailto:s4s@ix.netcom.com)

ALK/a  
encl.

<sup>39</sup> See NRS 354.624(4) [pages 192-93 of the committee packet for its October 23, 2024 meeting ("the 10/23/2024 Committee packet")], NRS 354.598005 and NRS 354.410 [pages 194-95 of the 10/23/2024 Committee packet].

<sup>40</sup> NRS 318.098(1) instructs that "The board of trustees of any district may request, in writing, assistance from any elected or appointed officer of the county in which the district is located."

<sup>41</sup> Go to <https://tax.nv.gov/about-nevada-department-of-taxation/#:~:text=The%20Department%20of%20Taxation%20is,the%20State%20Debt%20Service%20Fund.>

**EXHIBIT "A"**

# INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

POST OFFICE BOX 897  
INCLINE VILLAGE, NEVADA

October 25, 1965

Board of County Commissioners  
Washoe County  
Nevada

Re: Ordinance to add power to acquire  
and operate recreation facilities  
to present powers of Incline Village  
General Improvement District

## PUBLIC CONVENIENCE AND NECESSITY

Incline Village is designed to be a complete recreational area. To this end, when completed, there will be two great golf courses; the finest tennis facilities in the world in the Tahoe Macquet Club; a major ski development; riding stables with a vast area for activities such as trails to the very crest of the mountains and to remote places for evening and all-night cookouts, both by horse back and wagon hay rides; gaming and related night club entertainment and a cultural center with related youth programs.

After all of the foregoing, you have to consider the availability of the use of Lake Tahoe the most important and actually the very heart of a complete recreational base. To this end, it seems highly desirable to acquire facilities for such use and to acquire them as public property (public to the property owners within the District). With the acquisition of the two pieces of lake frontage (see attached maps) the property owners of the Incline Village General Improvement District would be assured forever of access to and use of Lake Tahoe. Those two lake front properties would be used as family parks for picnics and swimming and for boating access to the lake for fishing and water skiing.

## ECONOMIC FEASIBILITY

All of the recreational facilities except the park properties (including the two beaches) are, or will be, privately owned and operated. The assessed value of Incline Village General Improvement District, together with its expected growth, will readily finance the acquisition and operation of the two beaches. The feasibility of a bond issue to acquire these properties will have to be passed upon and approved by the Washoe County Bond Commission. For your present consideration and future use by the Bond Commission, the Trustees of the Incline Village General Improvement District present their projection of taxes necessary to finance the acquisition of the beaches and the operation thereof. The projection is based upon the following assumptions:

65-928

★

Board of County Commissioners

October 25, 1965

1. That the beaches can be acquired for \$1,250,000.00;
2. That the operating expense will average \$20,000.00 annually;
3. That the bonds can be sold at a 4-3/4% yield;
4. That the bond issue include a working capital bond reserve for the first two years due to the Nevada property tax being one year behind on collection together with the fact that it will take another year to get the tax levied to apply on the debt retirement; and
5. That the total bond issue amount to \$1,458,000.00 for costs, acquisition and working capital and reserve.

Tax Year	Debt Service Equipment	Operating Expenses	Total	Assessed Value of District	Tax Rate per \$100
1966-67	\$ 69,255.00	20,000.00	89,255.00	15 M	None
1967-68	69,255.00	20,000.00	89,255.00	20 M	None
1968-69	69,255.00	20,000.00	89,255.00	25 M	0.357
1969-70	121,972.00	20,000.00	141,972.00	30 M	0.673
1970-71	119,407.00	20,000.00	139,407.00	35 M	0.398
1971-72	116,842.00	20,000.00	136,842.00	40 M	0.341
1972-73	114,277.00	20,000.00	134,277.00	45 M	0.298
1973-74	111,712.00	20,000.00	131,712.00	50 M	0.263
1974-75	109,147.00	20,000.00	129,147.00	55 M	0.235
1975-76	106,582.00	20,000.00	126,582.00	60 M	0.211
1976-77	104,017.00	20,000.00	124,017.00	65 M	0.206
1977-78	101,452.00	20,000.00	121,452.00	70 M	0.174
1978-79	98,887.00	20,000.00	118,887.00	75 M	0.159
1979-80	96,322.00	20,000.00	116,322.00	80 M	0.145

Tax rate to continue to decrease as assessed value goes up and principal is retired. At this point (1979-80) \$594,000.00 of principal has been retired, leaving an unpaid principal of \$864,000.00 to be retired over the remaining 16 years.

To clarify again the no tax for the first two years, the bond proceeds would be used as follows:

Acquisition	\$1,250,000.00
Working capital bond reserve	178,510.00
Expense of bond issue	29,490.00
	<u>\$1,458,000.00</u>

Attachments:  
 Development Exp  
 Summary of Appraisal by  
 Real Estate Research Corporation

Submitted for the record by  
 INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By Harold Miller  
 Harold S. Miller, Treasurer

This certificate is attached to the correct copy of the... in my office.

County of Washoe, State of Nevada  
 Deputy



**EXHIBIT "B"**



16713

R.P.T. : 2,310.00

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D E E D

THIS INDENTURE, made this 4~~7~~ day of June, 1968, between VILLAGE DEVELOPMENT CO., formerly known as CRYSTAL BAY DEVELOPMENT CO., a Nevada corporation, party of the first part, (hereinafter referred to as "Grantor"), and INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, a quasi-municipal corporation organized and existing pursuant to the provisions of the General Improvement District Law, Chapter 318, Nevada Revised Statutes, party of the second part (hereinafter referred to as "Grantee"),

W I T N E S S E T H:

That the said party of the first part, for and in consideration of the sum of TEN DOLLARS (\$10.00), lawful money of the United States, to it in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the said party of the second part, and to its successors and assigns, all that certain lot, piece or parcel of land situate in the County of Washoe, State of Nevada, more particularly described in Exhibit "A" attached hereto.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, all and singular the said premises, together with the appurtenances, unto the said party of the second part, and to its successors and assigns forever.

It is hereby covenanted and agreed that the real property above described, and any and all improvements now or hereafter located thereon, shall be held, maintained and used by grantee,

BOOK 324 PAGE 102

Miss. Howell, Cozen & White  
ATTORNEYS AT LAW  
306 SOUTH WASHINGTON ST.  
RENO, NEVADA 89501

1671

1 its successors and assigns, only for the purposes of recreation  
2 by, and for the benefit of, property owners and their tenants  
3 (specifically including occupants of motels and hotels) within the  
4 Incline Village General Improvement District as now constituted,  
5 and, as the Board of Trustees of said District may determine, the  
6 guests of such property owners, and for such other purposes as  
7 are herein expressly authorized.

8 This covenant shall be in perpetuity, shall be binding  
9 upon the successors and assigns of grantee, shall run with and be  
10 a charge against the land herein described, shall be for the  
11 benefit of each parcel of real property located within the area  
12 presently designated and described as Incline Village General  
13 Improvement District and shall be enforceable by the owners  
14 of such parcels and their heirs, successors and assigns; provided,  
15 however, that said Board of Trustees shall have authority to levy  
16 assessments and charges as provided by law, and to control, regu-  
17 late, maintain and improve said property as in its sole discretion  
18 it shall deem reasonable and necessary to effectuate the purposes  
19 herein mentioned; and provided, further, the said District shall  
20 have the right to use the real property above described for the  
21 maintenance and operation of the water pumping facilities now  
22 located thereon and such other utility facilities necessary to  
23 the operation of the District.

24 Grantor, for the benefit of itself and its successors  
25 and assigns in the ownership of real properties located within the  
26 presently constituted boundaries of Incline Village General Improve-  
27 ment District, and for the benefit of all other owners of property  
28 located within said boundaries, and their respective successors  
29 and assigns in such ownership, hereby specifically reserves an  
30 easement to enter upon the above described real property and to

-2-

BOOK 324 PAGE 193  
Mr. Malcolm, Cass & White  
ATTORNEYS AT LAW  
300 SOUTH WASHINGTON ST.  
RENO, NEVADA 89405

16713

1 use said real property for the recreational uses and purposes  
2 specified herein. Said District shall have the authority to  
3 impose reasonable rules, regulations and controls upon the use  
4 of said easement by the owners thereof.

5 The easement hereby created and reserved shall be appur-  
6 tenant to all properties located within the Incline Village  
7 General Improvement District, as said District is now constituted.  
8 Such easement may not be sold, assigned or transferred in gross,  
9 either voluntarily or involuntarily, but shall pass with any  
10 conveyance of real properties within said District as now consti-  
11 tuted.

12 IN WITNESS WHEREOF, the said party of the first part  
13 has hereunto set its hand and seal the day and year first above  
14 written.

BOOK 324 PAGE 194

16 ATTEST:

17 [Signature]  
18 Secretary

VILLAGE DEVELOPMENT CO.

By [Signature]  
President

ACCEPTED AND APPROVED:

INCLINE VILLAGE GENERAL IMPROVE-  
MENT DISTRICT

21 ATTEST:

22 [Signature]  
23 Secretary

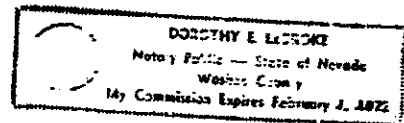
By [Signature]  
President

1 STATE OF NEVADA }  
2 COUNTY OF WASHOE } ss

3 On this 11 day of June, 1968, before me, a Notary  
4 Public in and for said County and State, personally appeared  
5 George J. [unclear] and Walter F. [unclear]  
6 known to me to be the President and Secretary of the corporation  
7 that executed the foregoing instrument, and upon oath, did depose  
8 that they are the officers of said corporation as above design-  
9 nated; that they are acquainted with the seal of said corporation  
10 and that the seal affixed to said instrument is the corporate  
11 seal of said corporation; that the signatures to said instrument  
12 were made by officers of said corporation as indicated after  
13 said signatures; and that the said corporation executed the said  
14 instrument freely and voluntarily and for the uses and purposes  
15 therein mentioned.

16 IN WITNESS WHEREOF, I have hereunto set my hand and  
17 affixed my official stamp at my office in said County and State,  
18 the day and year in this certificate first above written.

19  
20 [Signature]  
Notary Public



4 -

1968

W. Belmont, Owen J. Wilson  
ATTORNEYS AT LAW  
100 SOUTH VIRGINIA ST.  
RENO, NEVADA 89505

1 STATE OF NEVADA }  
2 COUNTY OF WASHOE } ss

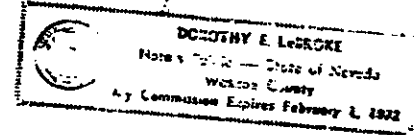
3 On this 17th day of June, 1968, before me, a Notary  
4 Public in and for said County and State, personally appeared  
5 George L. Sawyer and Frank J. Thompson,  
6 known to me to be the President and Secretary of INCLINE VILLAGE  
7 GENERAL IMPROVEMENT DISTRICT, the quasi-municipal corporation  
8 that executed the foregoing instrument, and upon oath, did depose  
9 that they are the officers of said corporation as above designated;  
10 that they are acquainted with the seal of said corporation and  
11 that the seal affixed to said instrument is the corporate seal  
12 of said corporation; that the signatures to said instrument  
13 were made by officers of said corporation as indicated after  
14 said signatures; and that the said corporation executed the said  
15 instrument freely and voluntarily and for the uses and purposes  
16 therein mentioned.

BOOK 324 PAGE 196

17 IN WITNESS WHEREOF, I have hereunto set my hand and  
18 affixed my official stamp at my office in said County and State,  
19 the day and year in this certificate first above written.

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Thomas E. Leckrone  
Notary Public



**EXHIBIT "C"**



# Washoe County District Attorney

CHRISTOPHER J. HICKS  
DISTRICT ATTORNEY

## MEMORANDUM

TO: Washoe County Board of County Commissioners

FROM: Paul Lipparelli  
Assistant District Attorney *Paul Lipparelli*

RE: Legal Authority of General Improvement Districts in Nevada

DATE: August 21, 2015

The following is a summary of the legal relationship between boards of county commissioners and the general improvement districts within the county.

### History and Scope of GID Statutes.

The General Improvement District Law (Chapter 318 of the NRS) was enacted in 1959 to "provide various urban type services to areas where such services were not available and could not be provided by general purpose government."<sup>1</sup> In 1965 Ch. 318 was amended to require a finding that the "public convenience and necessity require creation of the district and that such creation is economically sound and feasible."<sup>2</sup>

The board of county commissioners is vested with the authority to create districts within the county. NRS 318.050(1). But, once they are in existence, GIDs are independent legal entities with their own perpetual existence. NRS 318.105. The General Improvement District Law gives many powers to GIDs which are not subject to direct review or oversight of county boards of county commissioners.

- GIDs have the power to sue and be sued. NRS 318.115.
- The boards of trustees have the power to "manage, control and supervise all the business and affairs of the district" and to "acquire, improve, equip, operate and maintain any district project." NRS 318.175.
- Boards of trustees have the power to operate, maintain and repair the improvements acquired by the district. NRS 318.145.

<sup>1</sup> Creation, Financing and Governance of General Improvement Districts, Bulletin No. 77-11, Legislative Commission of the Legislative Council Bureau of the State of Nevada, September 1976 ("Bulletin No. 77-11"), p. 8. <https://www.leg.state.nv.us/Division/Research/Publications/InterimReports/1977/Bulletin77-11.pdf>

<sup>2</sup> Bulletin No. 77-11, p. 9.



- GIDs have the power to retain agents, employees, servants, engineers and attorneys. NRS 318.180.
- GIDs and the owners of property within them have the power to change the boundaries of the district (NRS 318.256 -- 318.272).
- GID boards also have implied powers described by NRS 318.210 as “all rights and powers necessary or incidental to or implied from the specific powers granted in [Chapter 318 of NRS.]”

The independence of a GID also derives from the control of the board of trustees over the GID revenue sources. NRS 318.197 through 318.202 grant specific power to GID boards of trustees to set rates, fees, tolls and charges and NRS 318.230 provides that counties must levy the tax rate on assessed property within the district as set by the district. GIDs have the authority to borrow money and issues securities (bonds). NRS 318.275 through 318.350.

The independence of GIDs does not relieve them of their responsibilities, along with other local governments like cities and counties, to comply with a variety of state laws that express and limit the use of governmental power and provide citizens and taxpayers with certain rights. A GID board of trustees may direct its staff to spend GID money and use GID powers consistent with those laws. A specific example is NRS 354.626 which provides that it is unlawful for a public body or any officer, office, department or agency of a public body to "expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function...." Other statutes are summarized below.

<u>Statute or Law</u>	<u>NRS Chapter</u>	<u>Enforcement Responsibility</u>
Open Meeting Law	Ch. 241	Attorney General
The public records statutes	Ch. 239	Private citizen through court action
The Local Government Budget and Finance Act	Ch. 354	Protest at public hearings on budget adoption, and Department of Taxation and Committee on Local Government Finance
Local Government Purchasing Act	Ch. 332	Protests at public hearings, potentially followed by private lawsuit
Public works statutes	Ch. 338	Protests at public hearings, potentially followed by private lawsuit and State Labor Commissioner

Individual GID officials are also responsible for compliance with the Ethics in Government Law (Ch. 281A) and elections laws (Ch. 293). The Washoe County Board of County Commissioners does not possess the power to pursue a GID that fails to abide by the laws summarized above. Instead, as noted, either private citizens, disappointed bidders or State agencies have the ability to pursue compliance.

#### Washoe County GIDs.

Washoe County has several GIDs: Gerlach GID, Grand View Terrace Water Board (formerly Black Springs), Incline Village GID<sup>3</sup>, Palomino Vally GID, Sun Valley General Improvement District and the Verdi TV District.<sup>4</sup> The Incline Village General Improvement District (IVGID) is the largest GID in Washoe County (by budget) and was created June 1, 1961.<sup>5</sup> In 1965 Washoe County amended IVGID's enabling ordinance to add recreation facilities to its responsibilities. In its 2015-16 budget, IVGID showed \$39M in expenditures and uses.<sup>6</sup> The next largest GID (by budget) is the Sun Valley GID. It was formed in 1967 to provide water and sewer services and expanded its services to garbage services in 1990<sup>7</sup> and recreation (parks and a pool) in 2009<sup>8</sup>. Sun Valley GID budgeted for \$6.5M in estimated expenses for 2015-16.<sup>9</sup>

#### Nevada Legislative Studies.

The Nevada Legislature has conducted at least 2 formal reviews of the GID laws since 1959.<sup>10</sup> In 1975 the Nevada Legislature considered 10 bills dealing with GID and decided a general review of the subject was needed. Following that legislative session a Legislative Commission subcommittee produced Bulletin No. 77-11. These are a few of the findings of the 1976 study:

- A number of districts created that are not financially sound, that are performing services that should be provided by counties or that have been created in close proximity to existing districts providing the same or similar services.<sup>11</sup>
- Some GIDs failed in some counties because Ch. 318 does not provide for the county to have supervisory or advisory power over a GID once it is created.<sup>12</sup>

<sup>3</sup> The Crystal Bay GID was merged into IVGID in April of 1995 (Ord. No. 928).

<sup>4</sup> The Horizon Hills GID was dissolved in January of 1997 (Ord. No. 964) and The South Truckee Meadows GID was dissolved as part of the merger with the Truckee Meadows Water Authority in December of 2014.

<sup>5</sup> Washoe County Ordinance No. 97, Bill No. 57.

<sup>6</sup> [https://www.yourtahoeplace.com/uploads/pdf-ivgid/2015-2016\\_Budget\\_Book.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/2015-2016_Budget_Book.pdf), p. 37

<sup>7</sup> Ord. No. 806.

<sup>8</sup> Ord. No. 1418.

<sup>9</sup> [http://svgid.com/Files/dLink/052115\\_08.pdf](http://svgid.com/Files/dLink/052115_08.pdf)

<sup>10</sup> See, Bulletin No. 77-11, and Background Paper 83-4 (General Improvement Districts), <https://www.leg.state.nv.us/Division/Research/Publications/Bkground/BP83-04.pdf>

<sup>11</sup> Bulletin No. 77-11, p. 9.

<sup>12</sup> Bulletin No. 77-11, p. 16.

- Chapter 318 of NRS provides flexibility to meet localized service demands and has satisfied the purposes for which it was created by making possible the provision of various facilities and services to areas that were outside the ability of general purpose government to provide.<sup>13</sup>
- A fundamental question is whether county commissioners should be given the power to create improvement districts and the responsibility to run them as county subordinate service districts.<sup>14</sup>

The Nevada Legislature also analyzed taxing districts in Nevada in 1994.<sup>15</sup> The Legislative Subcommittee recommended that the Special District Control Law (Ch. 308) be amended to provide for a 10-year review and report to the county commission and the Legislature by any taxing district of the revenues collected from all taxes and a projection of any debt expected in the ensuing 10 years. The bulletin also recommended requiring districts to produce a feasibility report that includes staffing and facilities plans, the fiscal effects of other governments and a five-year projection of a district's finances before a new district is created. Those recommended changes to Ch. 308 were not adopted by subsequent legislatures. However, the 1995 Nevada Legislature passed a law that requires local governments (including existing GIDs) which have outstanding debt or propose to issue any debt or special elective tax to submit to the Nevada Department of Taxation and the Washoe County Debt Management Commission a complete statement of current and contemplated general obligation debt and special elective taxes; a report of current and contemplated debt and special assessments and retirement schedules; a written statement of its debt management policy; and its plan for capital improvement for the ensuing 3 fiscal years. NRS 350.0035 (SB 248).

#### The Limited Oversight and Authority over GIDs.

Service Plans. Eight years after the General Improvement District Law was enacted the Nevada Legislature passed the Special District Control Law of 1967 (Ch. 308) to "prevent unnecessary proliferation and fragmentation of local government, to encourage the extension of existing districts rather than the creation of new districts and to avoid excessive diffusion of local tax sources." NRS 308.010. The central feature of the Special District Control Law is the requirement that a service plan be created prior to the formation of any new district. NRS 308.030. A service plan includes a financial survey, preliminary engineering or architectural survey showing how the proposed services are to be provided and financed, maps of the proposed district boundaries, an estimate of the population and assessed valuation of the proposed district. The service plan has to describe the facilities to be constructed, the standards of such

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<sup>13</sup> Bulletin No. 77-11, p. 17.

<sup>14</sup> Bulletin No. 77-11, p. 18.

<sup>15</sup> Study on the Laws Governing Taxation and the Creation of Taxing Districts, Bulletin No. 95-1, Legislative Commission of the Legislative Council Bureau of the State of Nevada, September 1994 ("Bulletin No. 95-1"). <https://www.leg.state.nv.us/Division/Research/Publications/InterimReports/1995/Bulletin95-01.pdf>

construction, the services to be provided by the district, an estimate of costs, including the cost of acquiring land, engineering services, legal services, proposed indebtedness, annual operation and maintenance expenses, and other major expenses related to the formation and operation of the district. NRS 308.030. Any change to the service plan has to be approved by the board of county commissioners which also has the power to enjoin any unreasonable departure from the approved service plan. NRS 308.080. The statutes requiring a service plan apply to general improvement districts ("GIDs") initiated after 1967. A change in State law would be required to subject existing GIDs to the service plan requirements.

Dissolution and Merger. The board of county commissioners can dissolve, consolidate or merge a GID if it finds that it is in the "best interests of the county and of the district" after determining that the services of the district are no longer needed or can be more effectively provided by another government. NRS 318.490(1). Upon dissolution, the county must assume the outstanding indebtedness of the district. However, the board of trustees of the GID may overrule the board of county commissioners on merger, consolidation or dissolution. NRS 318.490(3). Also, if a majority of the property owners file written protests, the district shall not be dissolved, merged or consolidated. NRS 318.495.

Corrective Action. Pursuant to NRS 318.515, upon notification by the Nevada Department of Taxation or upon receipt of a petition signed by 20 percent of the qualified electors of the district, that a GID is not being properly managed, the board of trustees of the district is not complying with the provisions of this chapter or with any other law, the board of county commissioners shall hold a hearing to consider the notification or petition.<sup>16</sup> After proper notice of such a hearing is given and after "full consideration to all persons desiring to be heard," the board of county commissioners is required to:

- (a) adopt an ordinance constituting the board of county commissioners, ex officio, as the board of trustees of the district;
- (b) adopt an ordinance providing for the merger, consolidation or dissolution of the district (to which the board of trustees or property owners could presumably object pursuant to NRS 318.490 and NRS 318.495);
- (c) file a petition in the district court for the county in which the district is located for the appointment of a receiver for the district; or
- (d) determine by resolution that management and organization of the district will remain unchanged.

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<sup>16</sup> NRS 318.515(1)(c) also provides for the holding a hearing by the board of county commissioners if the Department of Taxation or the property owners' petition notifies the board that the service plan established for the district is not being complied with. Presumably, a such hearing would be allowed only when a district is required to have a service plan.

Memorandum to Board of County Commissioners  
August 21, 2015  
Page 6 of 6

Recall. If property owners and voters within a GID wish to make political change, trustees may be recalled pursuant to the provisions of NRS and the Nevada Constitution. NRS 318.0955.

Removal. The board of county commissioners may remove any GID trustee serving on an appointed or elected board of trustees for cause shown, on petition, hearing and notice thereof by publication and by mail addressed to the trustee. NRS 318.080(6).

**EXHIBIT "D"**

FILED

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Clerk of the Court

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IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA  
IN AND FOR THE COUNTY OF WASHOE

AARON L. KATZ,

Plaintiff,

Case No.: CV11-01380

Dept. No.: 7

vs.

INCLINE VILLAGE GENERAL  
IMPROVEMENT DISTRICT, a General  
Improvement District, THE PUBLIC  
UTILITY DISTRICT OF NEVADA, and  
DOES I-X, inclusive,

Defendants.

**ORDER**

Currently before this Court is Defendant INCLINE VILLAGE GENERAL  
IMPROVEMENT DISTRICT's ("IVGID") *Motion for Partial Judgment on the Pleadings* filed  
on June 11, 2012. IVGID seeks an order from this Court granting judgment on the pleadings as  
to the First, Second, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth and Eleventh Causes of  
Action contained in Plaintiff AARON L. KATZ's *Complaint* filed on August 22, 2011.<sup>1</sup>

Katz, appearing *in pro per*, filed a *Memorandum of Points and Authorities in Opposition*  
*to Incline Village General Improvement District's ("IVGID's") Motion for Partial Judgment on*

<sup>1</sup> In the interests of judicial economy and efficiency, this Court permits IVGID's *Motion* to apply to Katz's Seventh,  
Ninth and Tenth Causes of Action, which were challenged in IVGID's *Memorandum of Points and Authorities*  
*Opposing Plaintiff's Motion for Partial Summary Judgment Directed Against the Defendant Incline Village General*  
*Improvement District ("IVGID") Re: the Propriety and Validity of its Recreation and Beach Facility Standby*  
*Service Charges and Countermotion to Dismiss and/or Partial Summary Judgment* filed on May 31, 2012.

1 the Pleadings on June 27, 2012. IVGID filed a Reply to Plaintiffs Opposition to IVGID's Motion  
2 for Partial Judgment on the Pleadings on July 5, 2012. This Order now follows.

### 3 DISCUSSION

#### 4 Neither NRS Chapter 318 nor the Local Government Budget and Finance Act Provide 5 Katz a Private Right of Action

6 At the outset this Court notes "[t]he Uniform Declaratory Judgments Act does not  
7 establish a new cause of action or grant jurisdiction to the court when it would not otherwise  
8 exist." Builders Ass'n of N. Nevada v. City of Reno, 105 Nev. 368, 369, 776 P.2d 1234, 1234  
9 (1989) (per curiam). "If a statute expressly provides a remedy, courts should be cautious in  
10 reading other remedies into the statute." Id. at 370, 776 P.2d at 1235. With these legal  
11 principles in mind, this Court addresses Katz's claims.

12 Through his several requests for declaratory relief, it appears Katz seeks the judgment of  
13 this Court to supplant the decision-making authority of IVGID. More specifically, it appears  
14 Katz seeks to use this Court to channel his subjective opinions about the proper regulation of  
15 general improvement districts ("GIDs") and memorialize those opinions in a court order.  
16 Replacing a contested scheme of regulation and activity with a new contested scheme of  
17 regulation and activity is not a preferable course of action, particularly when the old scheme  
18 derives from the Legislature and the new scheme is decreed by a court. This Court does not  
19 make law, or read into the law a right, duty or prohibition the law-making body did not intend to  
20 promulgate. Rather, this Court interprets and applies the law as enacted by the law-making  
21 bodies of this State, including the Nevada Legislature.

#### 22 NRS Chapter 318

23 This Court has reviewed the statutory scheme of NRS Chapter 318 and finds that, aside  
24 from containing no express private remedy for citizens like Katz, it militates against any  
25 *implication* of a private remedy. NRS Chapter 318 contains an internal enforcement procedure  
26 for those seeking relief under any of its provisions. For example, NRS 318.095 provides for  
27 elections of the GID's board's members. Like other public officials, if IVGID's board members  
28 are acting improperly they can be unelected.



1 Further, NRS 318.0955 provides that members of the board are subject to recall at any  
2 time—even before the next election—if cause exists to remove them. Moreover, a recall election  
3 can be bypassed in more extreme and urgent cases by filing a petition and showing good cause.  
4 NEV. REV. STAT. § 318.080(6). In such a case, the board of county commissioners may step in  
5 and remove the elected trustees of the GID's board. *Id.* These provisions clearly demonstrate  
6 NRS Chapter 318 does not provide, or even imply, a private right of action for citizens like Katz  
7 seeking to enforce its provisions.

8 As a consequence, Katz's First, Second, Seventh, Eighth, Ninth, Tenth and Eleventh  
9 Causes of Action, even when this Court views the facts in the light most favorable to him, must  
10 be denied on the pleadings because they fail to state a cause of action upon which relief can be  
11 granted. The declaratory relief Katz requests is simply unavailable under NRS Chapter 318. In  
12 light of this decision, this Court makes the following note and details the proper legal standards  
13 for a judgment on the pleadings.

14 Although this Court has previously held genuine issues of material fact exist regarding  
15 the propriety and validity of the fees Katz is challenging in his Eighth and Eleventh Causes of  
16 Action, (see Katz v. Incline Village Gen. Improv. Dist., CV11-01380 at p. 3 (Aug. 15, 2012))  
17 such a determination does not necessarily preclude the entry of judgment on the pleadings here.

18 NRCP 12(c) governs motions for judgment on the pleadings, and reads in pertinent part:  
19 "After the pleadings are closed but within such time as not to delay the trial, any party may move  
20 for judgment on the pleadings."<sup>2</sup> "Judgment on the pleadings is proper when, as determined  
21 from the pleadings, the material facts are not in dispute and the moving party is entitled to  
22 judgment as a matter of law." Lawrence v. Clark County, 127 Nev. \_\_\_, \_\_\_, 254 P.3d 606, 608  
23 (July 7, 2011) (citing Bonicamp v. Vazquez, 120 Nev. 377, 379, 91 P.3d 584, 585 (2004)).

24 In reviewing a motion for judgment on the pleadings, however, courts "*must accept all*  
25 *factual allegations in the complaint as true* and construe them in the light most favorable to the  
26

27 <sup>2</sup> This Rule's federal counterpart, FRCP 12(c), reads nearly verbatim and Nevada courts often view "federal  
28 decisions involving the Federal Rules of Civil Procedure [as] persuasive authority" when examining, for example,  
the NRCP. Rodriguez v. State, 128 Nev. \_\_\_, \_\_\_, 273 P.3d 845, 848 n. 4 (Apr. 5, 2012) (citing Nelson v. Heer,  
121 Nev. 832, 834, 122 P.3d 1252, 1253 (2005)).

1 non-moving party.” Fleming v. Pickard, 581 F.3d 922, 925 (9th Cir. 2009) (citing Turner v.  
2 Cook, 362 F.3d 1219, 1225 (9th Cir. 2004) (emphasis added)). This makes logical sense. The  
3 Nevada and federal rules governing motions for judgment on the pleadings and motions to  
4 dismiss are substantially identical. Compare NEV. R. CIV. P. 12(c) and FED. R. CIV. P. 12(c) with  
5 NEV. R. CIV. P. 12(b)(5) and FED. R. CIV. P. 12(b)(6); see Strigliabotti v. Franklin Resources  
6 Inc., 398 F.Supp.2d 1094, 1097 (N.D. Cal. 2005).

7 Accordingly, this Court assesses a motion for judgment on the pleadings under the  
8 standard applicable to a motion to dismiss. In Nevada, in reviewing motions to dismiss under  
9 NRCP 12(b)(5) the district court must liberally construe the pleadings, accept as true the facts in  
10 the pleadings, and draw all possible inferences in favor of the nonmoving party. See Buzz Stew.  
11 LLC v. City of N. Las Vegas, 124 Nev. 224, 228, 181 P.3d 670, 672 (2008); Blackjack Bonding  
12 v. Las Vegas Mun. Court, 116 Nev. 1213, 1217, 14 P.3d 1275, 1278 (2000).

13 All told, this Court’s previous determination that genuine issues of material fact  
14 precluded entry of summary judgment has no bearing on the determination here because each  
15 involve different standards of review. The critical difference is that, here, this Court must view  
16 the facts in Katz’s favor, while on summary judgment this Court was under no such command.  
17 In fact, Katz concedes as much in his *Opposition*. (See Pl. Opp’n at p. 1:25-26.)

18 Local Government Budget and Finance Act

19 In his Third and Fifth Causes of Action, Katz seeks declaratory relief under provisions of  
20 the Local Government Budget and Finance Act (“LGBFA”) contained in NRS Chapter 354. He  
21 avers IVGID violated NRS 354.612 by creating and using funds without properly adopting  
22 resolutions, and that IVGID violated NRS 354.626 and NRS 354.6116 by using revenues for  
23 improper purposes.

24 In Builders Association of Northern Nevada v. City of Reno, *supra*, the appellant sought  
25 declaratory relief that the City of Reno violated NRS 354.5989—another provision of the  
26 LGBFA—by increasing certain fees. 105 Nev. at 369, 776 P.2d at 1234. The Nevada Supreme  
27 Court explained that a “complaint does not properly state a claim for relief unless the [LGBFA]  
28 expressly provides or implies a private cause of action to remedy violations of [that statute].” *Id.*

1 On its way to affirming the district court's denial of declaratory relief, the Court went on to hold  
2 the LGBFA "provides the means of enforcing the [LGBFA] . . . .[T]he [LGBFA] creates no  
3 private cause of action to remedy violations of NRS 354.5989." Id. at 370, 776 P.2d at 1235.

4 To be sure, the statutory provisions addressed in Builders Association and the provisions  
5 at issue here are different. Nevertheless, this Court finds the legal analysis of Builders  
6 Association controls in this case. This Court has perused the LGBFA and the statutory  
7 provisions under which Katz seek relief and concludes, like the Court in Builders Association,  
8 the relief Katz requests is unavailable under those provisions—it neither exists expressly nor can  
9 it be implied. Further, because the Uniform Declaratory Relief Act does not create new causes  
10 of action where none exist, this Court has no jurisdiction to provide the relief Katz requests.

11 Moreover, as the Court stated in Builders Association:

12 [T]he purpose of the [LGBFA] is to regulate the local government budgeting  
13 process. [Citation omitted.] In enacting the [LGBFA], the legislative history fails  
14 to indicate that the legislature intended to subject local governments to a potential  
15 barrage of lawsuits that, either individually or collectively, could disrupt local  
governments' daily activity or cause uncertainty in local government fiscal  
affairs.

16 Id. at 370, 776 P.2d at 1235. For all of these reasons, this Court finds Katz's Third and Fifth  
17 Causes of Action must be denied on the pleadings because they fail to state a cause of action  
18 upon which relief can be granted.

19 Katz's Fourth Cause of Action

20 Given this Court's conclusions of law regarding NRS Chapter 318 and the LGBFA, this  
21 Court addresses Katz's Fourth Cause of Action. This claim seeks declaratory relief regarding the  
22 rates, tolls and charges for water, sewer and trash disposal services IVGID can permissibly  
23 charge under NRS 318.197(1). Katz avers this relief "is necessary to remove uncertainty . . . ."  
24 regarding these rates, tolls and charges, which he avers must be fair and reasonable. (Pl. Opp'n  
25 at p. 12.)

26 As both parties recognize, NRS 318.197(1) authorizes IVGID to establish rates, tolls and  
27 charges for water, sewer and trash disposal services, among others. But nowhere in that  
28 provision does an express remedy exist to challenge those rates, tolls or charges. Instead, as

1 mentioned previously, the proper way to challenge IVGID's establishment of its rates is through  
2 the political or legislative process, not the courts. When the legislature intends to provide a  
3 remedy—either to IVGID or a citizen residing in Incline Village—it will be either expressly  
4 provided or reasonably implied. See, e.g., NEV. REV. STAT. § 318.197(8) (“As a remedy  
5 established for the collection of due and unpaid deposits and charges and the penalties thereon and  
6 action may be brought in the name of the district in any court of competent jurisdiction against  
7 the person or persons who occupied the property when the service was rendered . . . .”)  
8 (emphasis added). As a result, after viewing the facts in the light most favorable to Katz, this  
9 Court concludes dismissal of Katz’s Fourth Cause of Action by way of judgment on the  
10 pleadings is appropriate.

11 **CONCLUSION**

12 Accordingly, IVGID’s *Motion for Partial Judgment on the Pleadings* is **GRANTED**.

13 **IT IS SO ORDERED.**

14 **DATED** this 22 day of August, 2012.

15   
16 PATRICK FLANAGAN  
17 District Judge  
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CERTIFICATE OF SERVICE

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Pursuant to NRCP 5(b), I hereby certify that I am an employee of the Second Judicial District Court of the State of Nevada, County of Washoe; that on this 22 day of August, 2012, I electronically filed the following with the Clerk of the Court by using the ECF system which will send a notice of electronic filing to the following:

Thomas Beko, Esq. for IVGID; and  
Anna Penrose-Levig, Esq. for the Public Utility Commission of Nevada.

I deposited in the Washoe County mailing system for postage and mailing with the United States Postal Service in Reno, Nevada, a true copy of the attached document addressed to:

Aaron L. Katz  
P.O. Box 3022  
Incline Village, NV 89450

  
Judicial Assistant

**EXHIBIT "E"**



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., 2<sup>nd</sup> Floor  
Carson City, Nevada 89706  
Phone: (775) 684-2000  
Fax: (775) 684-2020

RENO OFFICE  
4600 Kietzke Lane, Suite L235  
Reno, NV 89502  
Phone: (775) 687-9999  
Fax: (775) 688-1303

September 19, 2024

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

Re: Augmentation Dated January 31, 2024, for Fiscal Year 2023-24

Dear Ms. Griffith:

The Department of Taxation has received the Resolution No. 1907 dated January 31, 2024, augmenting the general fund. This augmentation for the FY 23/24 budget is not approved, and the Department determined the augmentation did not have the necessary available resources in accordance with NAC 354.410. Ending fund balance is NOT an available resource.

Please be advised the related documents received did not meet the requirements of NRS 354.598005. Further information was discussed with the District, as shown below:

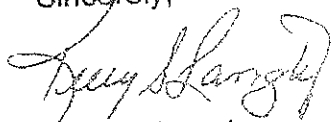
- Resolution (Exhibit 1)
  - Documentation stated that the available resources were \$2,628,245 which is the ending fund balance, not a resource, in accordance with NAC 354.410(1).
  - Documentation states additional unanticipated resources - these are not resources they are expenses.
- Notice of Public Hearing (Exhibit 2)
  - Documentation references "Carry forward" of the Information Technology General Fund - This is not a resource per NAC 354.410. NRS 354.620 states any unencumbered balance or any unexpended balance remaining shall lapse at the end of the fiscal year and shall revert to the available balance of the fund from which appropriated.
  - General Fund Reserves - not a resource, not a reserve - This is the ending fund balance. See NRS 354.620 above.
  - Recreation Services, Beach Utility Reserves, Internal Services Reserves - not in the augmentation - if augmenting Enterprise Funds or Internal Service Funds, they should be recorded in the following quarterly economic survey in accordance with NRS 354.598005(4).
- Budget Forms Schedule 4413LGF (Exhibit 3)
  - Revenue - No New Available Resources.

- o Revenue – beginning fund balance identified needs to reflect the final budget.
- o Revenue – audited beginning fund balance less than final budget. Augmentation reflects over expenditure in the final budget 2024 in the beginning fund balance.
- o Expenditure – There should only be 4 object classifications: Salaries, Employee Benefits, Service & Supplies, and Capital outlay.
- o Expenditure – See Contingency on the last page before ending fund balance.
- o Expenditure – Needs to match the final budget numbers (Column 2).
- o Expenditure – The revision amount was added to the expenses and to the ending fund balance.
- o Revenues & Expenditures - need to match total fund commitments and fund balance needs to equal available resources.

The items referenced above did not meet the NRS 354.598005 requirements for augmentations.

Should you have any questions, please do not hesitate to contact Kellie Grahmann at (775) 684-2065 or by e-mail at [Kgrahmann@tax.state.nv.us](mailto:Kgrahmann@tax.state.nv.us).

Sincerely,



Kelly S. Langley  
Supervisor Local Government Finance  
Department of Taxation

CC: General Manager, Karen Crocker  
District Board Chairman, Sara Schmitz  
External Auditor, Davis Farr, CPA



**From:** [s4s@ix.netcom.com](mailto:s4s@ix.netcom.com)  
**To:** [Chali Spurlock](#)  
**Cc:** [Kelly S. Langley](#)  
**Subject:** January 22, 2025 CLGF Meeting – Agenda Item 3(b) – Recommendation to the NDOT Whether to Place The Incline Village General Improvement District (“IVGID”) on Fiscal Watch Pursuant to NRS 354.675  
**Date:** Tuesday, January 21, 2025 3:35:14 PM  
**Attachments:** [CLGF.ltr.1.21.2025.pdf](#)

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WARNING - This email originated from outside the State of Nevada. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello Ms. Spurlock -

Please find attached my proposed written materials in anticipation of tomorrow morning's meeting insofar as IVGID is concerned.

Can you please provide all members of the CLGF with copies of these materials, and provide me with written acknowledgment they have been disseminated?

Thank you for your courtesies and cooperation. Aaron Katz