

**INCLINE
VILLAGE
GENERAL
IMPROVEMENT
DISTRICT**

ANNUAL AUDIT REPORT



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

CARSON CITY OFFICE
3850 Arrowhead Dr., 2nd Floor
Carson City, Nevada 89706
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RENO OFFICE
4600 Kietzke Lane, Suite L235
Reno, NV 89502
Phone: (775) 687-9999
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September 18, 2024

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

Re: Annual Audit Report – Fiscal Year 2023

Dear Ms. Griffith:

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

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

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

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

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

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

Sincerely,

**Kellie Grahmann, Budget Analyst
Local Government Finance
Department of Taxation**

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

**30 DAY
EXTENSION
REQUEST**



November 21, 2024

State of Nevada
Nevada Department of Taxation
Local Government Finance
Attention: Kelly Langley and Kellie Grahmann
3850 Arrowhead Dr, 2nd Floor
Carson City, NV 89706

Subject: Request for 30-Day Extension to File FY2023-24 Annual Audit Report Pursuant to NAC 354.735

Dear Kelly Langley and Kellie Grahmann,

In accordance with NAC 354.735, the Incline Village General Improvement District (IVGID) requests an extension of time to file IVGID's FY2023-24 Audit Report required by NRS 354.624. The following information is provided regarding IVGID's request in compliance with NAC 354.735:

- a) Name of Local Government: Incline Village General Improvement District
- b) Name of Auditor and Firm: Jennifer Farr, Davis Farr, LLP
- c) Date the Report will be Filed with the Governing Body: January 29, 2025
- d) Date the Report will be Filed with the Department of Taxation: January 30, 2025
- e) Reason for Application for Time Extension to File Report:
IVGID has been experiencing severe understaffing and staff turnover challenges. IVGID needs to complete work in the accounting system and items required as part of the FY2023-24 annual audit. The staffing issue has been ongoing for some time and it is taking time to get caught up. IVGID is in the process of hiring temporary staff to complete this work and assist with the backlog within Finance. The auditor is ready to complete the engagement once IVGID completes its share of the audit work.
- f) Name of Person Making Application: Susan Griffith, Interim Director of Finance
- g) Date of Application: November 21, 2024

Respectfully Submitted,

A handwritten signature in black ink that reads "Susan Griffith".

Susan Griffith
IVGID Interim Director of Finance

cc: Board of Trustees
Jennifer Farr, Davis Farr, LLP

EXTENSION AUTHORIZATION



STATE OF NEVADA
DEPARTMENT OF TAXATION

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

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Fax: (775) 688-1303

December 9, 2024

Incline Village General Improvement District
Susan Griffith, Interim Finance Director
893 Southwood Boulevard
Incline Village, NV 89451

Re: Request for Extension on Annual Audit Report
IVGID

Dear Ms. Griffith,

The Department of Taxation is in receipt of your request for an extension of the filing requirements for the above referenced annual audit report. Pursuant to NRS 354.624, it is the Department's policy to grant extensions only where unforeseen and uncontrollable conditions exist, and where due care and adequate planning by both the entity and the auditor make the five-month statutory audit preparation period insufficient.

Pursuant to your letter dated November 21, 2024, and the Department's policy on granting extensions, IVGID is hereby granted an extension of 30 days until December 31, 2024, for the submission to its governing body the audit report for the fiscal year ending June 30, 2024.

The extension is contingent on the submission of two copies of the audit report to the Department of Taxation no later than January 31, 2025.

If you should have any questions, do not hesitate to call me at (775) 684-2065 or e-mail me at kgrahmann@tax.state.nv.us.

Sincerely,

A handwritten signature in blue ink that reads "Kellie Grahmann".

Kellie Grahmann
Budget Analyst
Local Government Finance
Department of Taxation

2ND EXTENSION REQUEST



December 23, 2024

State of Nevada
Nevada Department of Taxation
Local Government Finance
Attention: Kelly Langley and Kellie Grahmann
3850 Arrowhead Dr, 2nd Floor
Carson City, NV 89706

Subject: Request for 30-Day Extension to File FY2023-24 Annual Audit Report Pursuant to NAC 354.735 - *Second Extension Request*

Dear Kelly Langley and Kellie Grahmann,

In accordance with NAC 354.735, the Incline Village General Improvement District (IVGID) requests a second time extension to file IVGID's FY2023-24 Audit Report required by NRS 354.624. The following information is provided regarding IVGID's request in compliance with NAC 354.735:

- a) Name of Local Government: Incline Village General Improvement District
- b) Name of Auditor and Firm: Jennifer Farr, Davis Farr, LLP
- c) Date the Report will be Filed with the Governing Body: January 29, 2025
- d) Date the Report will be Filed with the Department of Taxation: February 28, 2025
- e) Reason for Application for Time Extension to File Report:
IVGID Finance Department is in the process of completing FY24 audit and providing required materials to the auditors. IVGID recently hired temporary staff to assist with the backlog within the Finance Department. Staff expects to complete the FY24 audit work by the end of December. IVGID's Audit Committee and Board of Trustees will receive the FY24 audit report during the month of January 2025. These dates are after the December 31, 2024 deadline to submit the report to the governing body.
- f) Name of Person Making Application: Susan Griffith, Interim Director of Finance
- g) Date of Application: December 23, 2024

Respectfully Submitted,

A handwritten signature in black ink that reads "Susan Griffith".

Susan Griffith
IVGID Interim Director of Finance

cc: Board of Trustees
Jennifer Farr, Davis Farr, LLP

PROPOSED PLAN OF CORRECTIVE ACTION



November 14, 2024

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

Attention of Ms. Kelly Langley

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

Dear Ms. Langley,

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

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

Proposed Plan of Correction

1. *Identify the statute or regulation violated.*

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

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

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

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



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The District was notified by the Department of Taxation of the violation after the close of fiscal year 2023, accordingly, IVGID was unable to take corrective action during the preceding year.

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

The issues that caused the disclaimer of opinion by Davis Farr are identified in the Department's September 18 letter. To prevent recurrence of the violation, the District intends to undertake the following actions:

4.1. Addressing Issues with Implementation of Tyler Munis

IVGID acknowledges its challenges with the implementation of the Tyler Munis system for the Finance and Human Resources Departments. At the October 9, 2024 Board of Trustees meeting, a contract was approved to assist IVGID in rectifying the integration, with the bank reconciliation function being the top priority. IVGID is making effort to expedite the initiation and completion of work related to concerns over the implementation of Tyler Munis and the timely reconciliation of bank accounts. The persons responsible for carrying out this task shall be IVGID's Director of Information Technology and Acting Director of Finance, to be replaced with the Director of Finance when appointed.

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

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

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

4.3. Working with Davis Farr During the Course of Fiscal Year 24 Audit

Where Davis Farr raises issues during the course of the Fiscal Year 24 Audit that may lead to a disclaimer of opinion, IVGID staff are working with Davis Farr to address the concerns and promptly provide any requested information. The persons responsible for carrying out this task shall be IVGID's Interim General Manager and Interim Director of Finance, to be replaced with the Director of Finance and General Manager when appointed.

Separately, the September 18, 2024 letter also made requests for information related to IVGID's efforts to address internal control deficiencies and provide bank reconciliations. IVGID remains committed to addressing those issues and updating the Committee on Local Government Finance on developments to address identified internal control deficiencies. The forensic due diligence audit by Rubin Brown has been completed and the results and findings are being actively addressed by the District. Additionally, IVGID acknowledges the issues raised related to Capital Improvement Project Budget Carry-Forward (NRS 354.620), and understands that all unexpended balances remaining to the credit of any appropriation lapse at the end of the fiscal year and must be re-appropriated as part of the normal budget cycle.

Respectfully submitted,



Karen Crocker

IVGID Interim General Manager

Date of Board of Trustees Approval: November 13, 2024

Enclosure: September 18, 2024 Letter

PUBLIC COMMENTS

From: [Judith Miller](#)
To: [Chali Spurlock](#)
Subject: Communication for Gina Rackley and other members of the CLGF subcommittee to review IVGID
Date: Friday, November 22, 2024 6:32:14 AM
Attachments: [Gmail - Interim GM Crocker's 10 9 24 F&B report.pdf](#)
[ltr_clgf_ivgid_subcommittee.pdf](#)
[2024-1009f&breport.pdf](#)

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

Dear Ms. Spurlock,

Can you please forward the attached letter and supporting documents to the CLGF subcommittee chair, Gina Rackley, and members, Joshua Foli and Jeffrey Share? I would appreciate it if you would forward these 3 attachments to the subcommittee upon receiving them and confirm you were able to do so.

Thank you for your assistance.

Best regards,

Judith Miller

Interim GM Crocker's 10/9/24 F&B report

1 message

Judith Miller <pupfarm1@gmail.com>

Thu, Nov 21, 2024 at 10:02 AM

To: Matthew Dent <dent_trustee@ivgid.org>, Sara Schmitz <trustee_schmitz@ivgid.org>, Noble Dave <noble_trustee@ivgid.org>, Ray Tulloch <tulloch_trustee@ivgid.org>, Tonking Michaela <tonking_trustee@ivgid.org>

Regarding the report dated October 9 (attached) and included in the 10/9/24 Board packet, I have some observations/questions.


- 1) There are no central services costs included for either beach. (expense code 7980)
- 2) What portion of salaried/management positions like the Director of Parks and Rec is allocated?
- 3) Regarding Incline Beach, it is missing the following items that are included in Burnt Cedar; although some of them may not apply, I don't see any amounts for electricity, trash, permit, security, and heat (gas?).
- 4) There is no water/sewer expense listed (7820)
- 5) There also is no janitorial for FY25.
- 6) Are there any software licenses (Vermont, etc.) assigned to the Beach food venues?
- 7) And of course, there is no depreciation, so when our capital assets need replacement, as Trustee Tulloch noted, we need to be mindful that we will have to pay for these out of facility fees.
- 8) It appears the amounts for COGS expense code 7920 are merely estimates (30% of revenue) as described in the Sarten Food and Beverage report, rather than the industry standard calculation of beginning minus ending inventories plus purchases. Am I mistaken?

I understand it may be impractical to allocate all of the various expenses for these operations, but there should be an estimate of such expenses, and a note that they are not included. I would appreciate a full response to each of the 8 points raised.

Until we include all of the related expenses and a proper calculation of cost of goods sold, it is impossible to know how these venues are actually performing or how much of a subsidy they may require.

Respectfully submitted,

Judith Miller

 **2024-1009f&breport.pdf**
205K

P O Box 3022
Incline Village NV 89450
November 22, 2024
Submitted via email

Department of Taxation
CLGF Subcommittee formed to make recommendations re: IVGID

Dear Chair Rackley and Members of the Subcommittee,

Thank you for agreeing to serve on the subcommittee charged with making recommendations to the CLGF on what next steps would be needed to address the continuing financial management problems at IVGID. One of the purposes of the Department of Taxation is to make sure that local government agencies are being properly managed. Attached is a recent report from IVGID's Interim GM that I believe demonstrates that the GID has been, is and will be incapable of managing its business-like operations of food and beverage.

I have attached the report summarizing seasonal performance for the food and non-alcoholic beverage operations at IVGID's beaches that was included in the October 9, 2024 IVGID Board packet. IVGID's board has been asking for accounting for food and beverage operations in the District for well over a year, initially at golf, after reports indicated a \$2,000 day loss at the courses.

The memo claims a net profit of over \$100,000 for the 2024 summer season for the 2 beach venues. However, upon examining the poorly crafted supporting report, that number is greatly exaggerated.

The report itself is an embarrassment. For several years I worked as an IT manager for the Finance Department of a large bay area airport; part of my job was to assist staff with financial reporting. I would likely have been demoted or transferred to some remote location if I presented such an unprofessional, disorganized and incomplete report.

There is no description for the various account codes, missing expenses, and a nearly impossible to follow collection of tables. We've been informed the revenue figures are unreliable since they were manually loaded into the Tyler Munis system which is still not integrated with the point of sales systems.

I have also attached my email to the Board and GM, enumerating the many missing expenses that should have been included to give the public a somewhat more accurate picture of the financial performance of the food and beverage operations.

Although the District is studying the ways to integrate its point of sales systems with Tyler Munis, staff estimates it will be 2 years before the integration can be accomplished. In the

meantime, food and beverage managers have no way to determine if their expenses exceed their revenues. Using taxpayers' money to subsidize someone else's food and drink purchases at our beaches, golf and ski venues is a misallocation of public funds. I find this further evidence that IVGID is incapable of properly managing its enterprise funds.

As I pointed out in my public comment at the CLGF meeting in October, I believe the Facility Fee is the underlying cause of this and other district financial mismanagement. Nearly every IVGID venue is operating at a loss; not a problem since the Facility Fees will be used to cover those operational losses. To my knowledge, there has never been a court determination that these fees are valid. In the only court case that I am aware of that challenged the validity of these fees, CV11-01380, the Second Judicial District Court determined that **an individual had no standing** to bring such a challenge, so there was never a consideration of the substantive points. The judge made general remarks that he "rejected" the arguments, but that is merely "dictum", not a legal decision. I trust the Deputy AG assigned to the Department can readily confirm my belief.

The Department of Taxation is the state agency charged with oversight of governmental revenue sources. The court sidestepped the issue (and was perhaps less qualified to make a determination on whether IVGID's facility fees are fees or taxes). The Department has seen the negative and unintended consequences of allowing this revenue source that has no statutory limit and is set by just 3 members of a local board. One of the newly elected trustees has opined during public comment that a Facility Fee of over \$2,000 per parcel would be a bargain!

I am hopeful the subcommittee will, in addition to any other recommendations you may deem appropriate, recommend that further examination of the issue of whether IVGID's facility fees are taxes or fees is urgently needed. Otherwise, the District will become even more unmanageable. Our taxpayers run the risk of being saddled with tens of millions of dollars of debt, all because the Facility Fee is an available unlimited revenue source.

Thank you for your consideration of the above.

Respectfully submitted,

Judith Miller

Attachments: October 9, 2024 IVGID Interim GM report
Email from Judith Miller to the IVGID Board and Interim GM

MEMORANDUM

TO: Board of Trustees

FROM: Karen M. Crocker
Interim District General Manager

SUBJECT: Food and Beverage Report on Sales of Food at the Incline Beach and Burnt Cedar Beach for the Period of May 2024 through and including August 30, 2024.

DATE: October 9, 2024

I. RECOMMENDATION

That the Board of Trustees, receive and file.

II. BACKGROUND

The Incline Village General Improvement District (IVGID) operates two (2) separate food and non-alcoholic beverage snack bars at Incline and Burnt Cedar Beaches. The report identifies the type and number of items sold along with revenue and expenses from opening day in May 2024 through August 2024. Attached is a spread sheet that identifies number of items sold and the revenues of each item sold.

In summary, the net revenue from Incline Beach Snack Bar was \$48,971.80. The net revenue from Burnt Cedar Beach was \$54,099.10. Below is the break down:

Incline Beach:

RTP Revenue: \$170,948.20

Expenses: \$121,976.40 - Includes cost of goods and salaries.

Net Revenue: \$ 48,971.80

Burnt Cedar Beach:

RTP Revenue: \$185,959.10

Expenses: \$131,860.00 - Includes cost of goods and salaries.

Net Revenue: \$54,099.10

One District – One Team

The highest sellers were the chicken tenders, Avocado Chicken Sandwich, Cheeseburgers, Hotdogs, French fries and Ice cream bars.

III. FINANCIAL IMPACT AND BUDGET

The two (2) snack bars are showing net revenues.

IV. BUSINESS IMPACT

None

VII. ATTACHMENT

Food and Beverage Breakdowns

Incline Beach

Chicken Tenders	3,680	\$51,520.00	\$1,300.60	\$0.00	\$50,219.40
Avocado Chicken Sandwich	1,176	\$21,168.00	\$331.00	\$0.00	\$20,637.00
Hot Dog	1,509	\$18,108.00	\$237.60	\$0.00	\$17,870.40
Cheeseburger	933	\$17,727.00	\$609.90	\$0.00	\$17,117.10
French Fries	1,774	\$14,184.00	\$205.60	\$0.00	\$13,978.40
Tip/Gratuity	3,726	\$0.00	\$0.00	\$0.00	\$0.00
ICE CREAM BAR	1,871	\$7,484.00	\$80.00	\$0.00	\$7,404.00
Sandwiches	542	\$6,492.00	\$147.60	\$0.00	\$6,344.40
Kids Meal	452	\$5,863.00	\$70.20	\$0.00	\$5,792.80
Bottled Soda	1,361	\$5,432.00	\$225.60	\$0.00	\$5,206.40
Burger	274	\$4,932.00	\$156.60	\$0.00	\$4,775.40
Bacon Cheeseburger	223	\$4,683.00	\$207.90	\$0.00	\$4,475.10
Powerade	520	\$2,600.00	\$135.00	\$0.00	\$2,465.00
Water	574	\$2,296.00	\$51.60	\$0.00	\$2,244.40
Summer Greens Salad	191	\$2,292.00	\$74.40	\$0.00	\$2,217.60
Chefs Salad	143	\$1,716.00	\$34.80	\$0.00	\$1,681.20
Candy	315	\$1,260.00	\$15.60	\$0.00	\$1,244.40
Bacon Burger	58	\$1,160.00	\$50.00	\$0.00	\$1,110.00
Kettle Chips	348	\$1,044.00	\$12.30	\$0.00	\$1,031.70
Capri Sun	331	\$993.00	\$7.80	\$0.00	\$985.20
ADD CHICKEN	97	\$776.00	\$21.60	\$0.00	\$754.40
Double Cheeseburger	30	\$750.00	\$15.00	\$0.00	\$735.00
Yerba	106	\$636.00	\$109.80	\$0.00	\$526.20
Zoa	72	\$432.00	\$50.40	\$0.00	\$381.60
Double Bacon Cheeseburger	14	\$378.00	\$0.00	\$0.00	\$378.00
Veggie Burger	19	\$285.00	\$4.50	\$0.00	\$280.50
Double Bacon Burger	10	\$260.00	\$0.00	\$0.00	\$260.00
Double Burger	10	\$240.00	\$2.40	\$0.00	\$237.60
Beef Jerky	47	\$235.00	\$10.00	\$0.00	\$225.00
Tahoe Trail Bar	33	\$165.00	\$7.50	\$0.00	\$157.50
Planters Nuts	44	\$132.00	\$16.50	\$0.00	\$115.50
\$12 Lunch Special (Beaches)	6	\$72.00	\$24.00	\$0.00	\$48.00
Coffee	15	\$45.00	\$0.00	\$0.00	\$45.00
Whole Fruit	2	\$4.00	\$0.00	\$0.00	\$4.00
TOTAL					\$170,948.20

RTP Combined Beach Revenue \$356,907.30

Tyler Adjusted Combined Beach Revenue \$368,332.60 *Includes parcel allowance

Burnt Cedar Beach

Chicken Tenders	3,630	\$50,820.00	\$1,208.20	\$0.00	\$49,611.80
Avocado Chicken Sandwich	1,148	\$20,664.00	\$279.00	\$0.00	\$20,385.00
Cheeseburger	959	\$18,202.00	\$399.00	\$0.00	\$17,803.00
Hot Dog	1,402	\$16,812.00	\$216.00	\$0.00	\$16,596.00
Tip/Gratuity	3,334	\$0.00	\$0.00	\$0.00	\$0.00
French Fries	1,434	\$11,464.00	\$235.20	\$0.00	\$11,228.80
Kids Meal	878	\$11,401.00	\$106.60	\$0.00	\$11,294.40
ICE CREAM BAR	2,229	\$8,916.00	\$142.80	\$0.00	\$8,773.20
Sandwiches	715	\$8,580.00	\$99.60	\$0.00	\$8,480.40
Bottled Soda	2,127	\$8,500.00	\$139.20	\$0.00	\$8,360.80
Burger	382	\$6,786.00	\$253.80	\$0.00	\$6,532.20
Summer Greens Salad	362	\$4,344.00	\$120.00	\$0.00	\$4,224.00
Bacon Cheeseburger	201	\$4,221.00	\$75.60	\$0.00	\$4,145.40
Chefs Salad	229	\$2,748.00	\$15.60	\$0.00	\$2,732.40
Water	675	\$2,700.00	\$34.80	\$0.00	\$2,665.20
Powerade	518	\$2,590.00	\$68.00	\$0.00	\$2,522.00
Candy	472	\$1,884.00	\$44.40	\$0.00	\$1,839.60
Kettle Chips	409	\$1,227.00	\$14.10	\$0.00	\$1,212.90
ADD CHICKEN	136	\$1,088.00	\$14.40	\$0.00	\$1,073.60
Bacon Burger	55	\$1,080.00	\$12.00	\$0.00	\$1,068.00
Capri Sun	336	\$1,008.00	\$15.90	\$0.00	\$992.10
Yerba	125	\$750.00	\$54.60	\$0.00	\$695.40
Double Cheeseburger	24	\$600.00	\$42.50	\$0.00	\$557.50
Zoa	64	\$384.00	\$35.40	\$0.00	\$348.60
All Sunscreen	20	\$360.00	\$0.00	\$0.00	\$360.00
All Face Stick	27	\$351.00	\$0.00	\$0.00	\$351.00
Double Bacon Cheeseburger	12	\$324.00	\$5.40	\$0.00	\$318.60
\$15 Lunch Special (Beaches)	16	\$240.00	\$0.00	\$0.00	\$240.00
Double Burger	9	\$216.00	\$0.00	\$0.00	\$216.00
Beef Jerky	39	\$195.00	\$7.50	\$0.00	\$187.50
Sunglasses	4	\$180.00	\$0.00	\$0.00	\$180.00
\$16 Lunch Special (Beaches)	10	\$160.00	\$19.20	\$0.00	\$140.80
Tahoe Trail Bar	31	\$155.00	\$5.00	\$0.00	\$150.00
Puddle Jumpers	4	\$120.00	\$0.00	\$0.00	\$120.00
Towels	4	\$120.00	\$0.00	\$0.00	\$120.00
Football	6	\$108.00	\$1.80	\$0.00	\$106.20
Soccer Ball	3	\$90.00	\$0.00	\$0.00	\$90.00
Double Bacon Burger	3	\$78.00	\$2.60	\$0.00	\$75.40
Planters Nuts	23	\$69.00	\$0.30	\$0.00	\$68.70
Coffee	12	\$36.00	\$0.00	\$0.00	\$36.00
\$12 Lunch Special (Beaches)	2	\$24.00	\$2.40	\$0.00	\$21.60
Whole Fruit	10	\$20.00	\$0.00	\$0.00	\$20.00
Veggie Burger	1	\$15.00	\$0.00	\$0.00	\$15.00
TOTAL					\$185,959.10

3853 Incline Beach		
7000/5000	FY24	FY25
7200	302.05	
7415	1,594.83	3504.49
7530	86.46	
7550	2969	1646.71
7920	11205.57	44367.78
5012	8540.76	40000.54
5020		302.56
5050	568.39	2521.89
5600	113.69	504.36
5700	643.98	3094.36
Total	26024.73	95942.69
Total 2024 Summer		121967.4

3853 Burnt Cedar		
7000/5000	FY24	FY25
7200	241.48	
7350	14.37	
7415	3463.14	2716.7
7450		454
7510	328.19	
7530	343.73	
7550	6678.5	1340.47
7605	144	
7810	1335.61	
7815	4844.68	1213.99
7920	12319.97	42193.19
5012	9922.13	37019.48
5020		297.94
5050	680.95	2174.54
5600	136.19	434.9
5700	748.11	2813.75
Total	41201.05	90658.96
Total 2024 Summer		131860

Inventory Journal Entry 30-Jun FoodInv AY Corr Inv
 -12417.88 -8118.49

*includes from Jan 1st
 Inventory Journal Entry 30-Jun FoodInv AY Corr Inv
 -18,626.82 -12177.7

Combined Beach Revenue	\$0.00
Combined Beach Cost	253827.43
Combined Beach Net	(\$253,827.43)

Tyler Beach Revenue		
	FY24	FY25
3853		
4240	75.2	486.5
4420	37353	147895
Total		185248
		185809.7
3953		
4240	134.6	676.3
4420	41067	140645
Total		182522.9
Combined Tyler Revenue		368332.6

From: [Mick Homan](#)
To: [Chali Spurlock](#)
Subject: CLGF Subcommittee on Incline Village General Improvement District (IVGID)
Date: Thursday, November 14, 2024 9:47:36 AM

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Chati - I would appreciate if you could get the letter below to Gina Rackley and the other members of the CLGF Subcommittee on IVGID.

Regards,

Mick Homan
IVGID Trustee-Elect

To Gina Rackley
Chair, CLGF Subcommittee on IVGID
Nevada Committee on Local Government Finance
Via Chail Spurlock,

I'm Mick Homan and I am one of the candidates who is a Trustee-elect for IVGID. As background, I have an extremely strong background in finance and accounting, having spent more than a decade as an auditor for 2 of the "Big 4" accounting firms and then more than 2 decades in corporate controllership, ultimately retiring as the Chief Accounting Officer of the Procter and Gamble Company. I also served briefly on the IVGID audit committee.

I'm writing to you regarding your assignment to monitor IVGID and consider possible future actions.

First I want to acknowledge that over the last two years, IVGID has experienced issues with its systems of financial reporting and internal controls. Those issues have been well documented by 3 different firms engaged by IVGID in recent years.

Unfortunately, rather than focusing on fixing the issues, the focus has continued to be on the past, with redundant investigations into the same issues and looking at the same periods. This has been exacerbated by staff attrition. IVGID has had an unfortunate issue with key departures of finance and accounting leadership at a critical juncture during an enterprise system conversion. So rather than focusing resources on completing the migration and fixing the issues, staff has been mired in a continuous stream of non-productive busy-work to satisfy information requests.

As a newly elected trustee, and with my financial reporting, auditing and internal controls background, along with my familiarity with the issues, you can rest assured that the new board will have the expertise and focus on the issues. We will prioritize rebuilding the finance and accounting staff and providing them with the resources needed to complete the system migration and systemically/sustainably addressing the reporting and controls issues identified by past consultant reports.

At the same time I believe the new board will make the decisions needed to rectify our precarious position in terms working with staff to develop more balanced and attainable budgeting and rebuilding our reserve balances.

In that regard, I would urge the subcommittee to take a measured and balanced approach to their mandate. I would encourage you to interact with the new board so we can collaboratively solve IVGID's issues and put us on a sustainable path. Collectively we need to tune 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. I personally invested hundreds of hours while on the IVGID Audit Committee investigating numerous allegations made by some of these self-proclaimed experts in accounting and found them to be largely without merit.

I strongly believe it is in the best interests of all involved to avoid placing IVGID on any kind of financial watch. I believe we have a new board and staff that will work constructively to solve our issues without the negative impacts that would likely result from being placed on watch.

I'd be happy to talk directly to provide further perspective prior to formally taking office in January. And I look forward to working with you once in office.

Regards

Mick Homan.

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From: [R. Myles Riner](#)
To: [Kelly S. Langley](#); [Chali Spurlock](#)
Subject: Re: IVGID
Date: Thursday, October 31, 2024 9:40:13 AM

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

Hello, Kelly and Chali

At the IVGID Board Meeting, the Trustees indicated they planned to make a decision on a new GM in the next two or three weeks, despite the distraction onboarding a new GM will likely have on the staff currently working on completing last year's audit and report. Also, Mr. Dobler indicated in public comment that he planned to communicate directly and personally with each of the three subcommittee members who will be working on IVGID issues. I gather from your correspondence that this is frowned upon so you might let him know.

Thanks

Myles Riner

On Oct 29, 2024, at 4:13 PM, Kelly S. Langley <klangley@tax.state.nv.us> wrote:

Mr. Riner,

You are correct that CLGF doesn't get involved in local politics and stays in accordance with the NRS and NAC's so as to ensure the success of the local government. Watching politics play out is never easy. Having said that, they DO need to live within the current 2024/25 Budget as approved, and they can't approve contracts unless they have the current appropriate funding. That was made very clear. Additionally:

NRS 354.626 Unlawful expenditure of money in excess of amount appropriated; penalties; exceptions

1. No governing body or member thereof, officer, office, department or agency may, during any fiscal year, 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 than bond repayments, medium-term obligation repayments and any other long-term contract expressly authorized by law. Any officer or employee of a local government who willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a misdemeanor and upon conviction thereof ceases to hold his or her office or employment. Prosecution for any violation of this section may be conducted by the Attorney General or, in the case of incorporated cities, school districts or special districts, by the district attorney.

Respectfully,

Kelly S Langley,

*Nevada Department of Taxation
Local Government Finance and Boards & Commissions
3850 Arrowhead Drive, 2nd Floor
Carson City, NV 89706
klangley@tax.state.nv.us
775.684.2073 Office
775.636.0101 Cell*

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From: Myles Riner <mriner@comcast.net>
Sent: Tuesday, October 29, 2024 3:12 PM
To: Kelly S. Langley <klangley@tax.state.nv.us>
Subject: Re: IVGID

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

Kelly, when I mentioned to Judith Miller that the CLGF might not think appointing a new GM at this time was such a great idea, she responded: "if you watched the CLGF, they are not going to get involved in what is essentially local politics. NRS gives the current Board the power to hire and fire."

I did hear the Chair's comment about not wanting to get dragged into election politics, though replacing the GM now will have repercussions far beyond November 5. I guess she is probably right about what the CLGF would prefer to avoid, though her cadre has already made the Committee's involvement in IVGID's finances into a campaign issue supporting their three preferred slate of candidates (Mr Wright among them). Watching this evolve is very frustrating.

Myles

Sent from my iPhone

On Oct 29, 2024, at 14:50, Kelly S. Langley
<klangley@tax.state.nv.us> wrote:

Thank you, I had not reviewed the agenda for the BOT meeting for tomorrow night.

*Kelly S Langley,
Nevada Department of Taxation
Local Government Finance and Boards & Commissions
3850 Arrowhead Drive, 2nd Floor*

Carson City, NV 89706
klangley@tax.state.nv.us
775.684.2073 Office
775.636.0101 Cell

From: R Myles Riner <mriner@comcast.net>
Sent: Tuesday, October 29, 2024 12:29 PM
To: Kelly S. Langley <klangley@tax.state.nv.us>
Subject: Re: IVGID

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I thought this might be the case.

Not sure you are aware of this, but Trustee Schmitz, Dent, and Tulloch are prepared to: 1. Designate a Selected Candidate and, Possibly, Designate a Second Choice; and 2. Direct Staff and Legal Counsel to Complete the Negotiation of the Employment Contract for the Newly Hired General Manager. This is on the agenda as above for tomorrow evening's Board of Directors' meeting.

I cannot imagine that appointing a new GM at this time is going to be helpful. This is especially true considering that Trustees Dent and Schmitz will be leaving the Board in two months, and that we currently have an acting GM who has been working closely with the Department of Taxation to make sure the year end audit is submitted on time and that corrective actions are being implemented per the recent due diligence audits.

Myles Riner

On Oct 29, 2024, at 11:30 AM, Kelly S. Langley <klangley@tax.state.nv.us> wrote:

Thank you for your response. I was out of the office last week following CLGF.

*Kelly S Langley,
Nevada Department of Taxation
Local Government Finance and Boards & Commissions
3850 Arrowhead Drive, 2nd Floor*

Carson City, NV 89706
klangley@tax.state.nv.us
775.684.2073 Office
775.636.0101 Cell

From: R Myles Riner <mriner@comcast.net>
Sent: Tuesday, October 29, 2024 10:15 AM
To: Kelly S. Langley <klangley@tax.state.nv.us>
Cc: Kristie Wells <kristiewells@gmail.com>
Subject: Re: IVGID

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

Hi, Ms. Langley,

Over the last several days I have made multiple calls to you and Jeff Mitchell, and left at least two voicemails, to ask this very question (to whom to address our letter), but have not received any response. I did not have either of your email addresses so I could not get an answer to this question through email. I even tried calling a staffer at the Dept of Taxation without success. I apologize for sending this directly to Ms. Rackley, and really appreciate your acknowledgement of our email on behalf of the Department and CLGF, and hope you will also direct our email to Chairman Leavitt and anyone else you feel may be appropriate.

Both Kristie Wells and I have remained in close contact with existing IVGID staff and management and with those who have left the District, and followed carefully the fiscal, staffing, and management issues that IVGID has experienced over the last several years (as evidenced by the many articles and posts published in the [Incline Together](#) website). Our objective is to counter the negative narratives about IVGID by some who seem to want to dismantle the District; try to help our community understand these issues from a different, more positive perspective; preserve our investment in IVGID's facilities and amenities; support IVGID staff's efforts to turn this ship around; and move forward with a stronger, more sound and accountable IVGID. If there is any way that we can assist the Subcommittee or the CGLF in their efforts, please do not hesitate to let us know.

Sincerely,

Myles Riner

On Oct 29, 2024, at 9:16 AM, Kelly S. Langley <klangley@tax.state.nv.us> wrote:

Mr. Riner,
Any communication to the CLGF Committee or Sub Committee members should be addressed to the Department and you should not be communicating with the Chairman or any of the members (committee or subcommittee) directly. As such, I will acknowledge receipt of your email below on behalf of the Department and CLGF. Thank you for understanding.
Respectfully,

*Kelly S Langley,
Nevada Department of Taxation
Local Government Finance and Boards &
Commissions
3850 Arrowhead Drive, 2nd Floor
Carson City, NV 89706
klangley@tax.state.nv.us
775.684.2073 Office
775.636.0101 Cell*

From: R Myles Riner <mriner@comcast.net>
Sent: Tuesday, October 29, 2024 8:29 AM
To: Gina Rackley
<Gina.Rackley@humboldtcountynv.gov>
Cc: Kristie Wells <Kristiewells@gmail.com>
Subject: IVGID

Gina Rackley
Chair, CLGF Subcommittee on IVGID
Nevada Committee on Local Government
Finance

Dear Ms. Rackley,

As longtime residents of Incline Village dedicated to our community and IVGID's mission, we wish to provide further context around the ongoing struggles impacting

IVGID's financial and operational stability. The recent CLGF hearing on October 23, 2024, provided a limited view on these issues, and we appreciate the opportunity to present a more balanced perspective. Please feel free to forward this email to your other two subcommittee members or whomever else you feel may benefit from receiving it.

IVGID's Finance Department has faced considerable challenges in recent years, including difficulties with auditing, reporting, and internal controls. Audits by Moss Adams and Rubin Brown noted areas with a "high risk of fraud" but confirmed that no actual fraud or theft took place. Instead, these findings emphasize the need for increased stability, staffing, and time to address long standing issues within the Finance Department. Despite these efforts, progress has been hampered by a small but vocal group with a persistent agenda to weaken or privatize IVGID.

This group's tactics (and those of the Board majority)—including frequent records requests, relentless litigation, consistent staff scrutiny and micro-management, and unfounded accusations of incompetence and fraud—have contributed to substantial staff and management turnover, eroding the institutional knowledge necessary to manage the District. In particular, the expensive and redundant Rubin Brown audit, approved over the objection of many in the community, overwhelmed the Finance Department and other staff who otherwise would have been focused on completing the year end audit report. These behaviors only compounded and exacerbated the issues with implementation of the Tyler-Munis system. Understanding the intentions behind these critiques is crucial. Notably, some members of this faction have a documented history of contentious litigation and public criticism and even harassment of IVGID's staff and management.

Mr. Katz, a key figure in this opposition, spent five years challenging IVGID's recreation fees in court, arguing that they were an unlawful tax. The court ultimately dismissed his claims, ordering him to pay \$250,000 in restitution to IVGID. This legal battle placed immense strain on District resources, and the court's findings underscored the challenges IVGID staff faced in dealing with Katz's unrelenting demands. This background offers essential context to his current advocacy against IVGID.

https://www.yourtahoeplace.com/uploads/pdf-ivgid/Item_K.1.a._-_District_General_Counsel_-_Motion_for_Attys_Fees_51816.pdf

Ms. Judith Miller, Katz's wife, has also voiced her opposition to IVGID's structure. In her Tribune op-ed (submitted to the Committee) and in Katz's testimony, both emphasized their objection to the idea of a General Improvement District that pools property owner contributions for the community's benefit. This group envisions a future where IVGID's amenities are dismantled or privatized, operating instead as standalone businesses. Yet, these amenities enhance our quality of life, sustain local businesses, and boost property values. In response to these privatization calls, we published an op-ed explaining why such actions would be misguided, available here:

<https://www.tahoedailytribune.com/news/misguided-call-to-privatize-ivgids-assets-opinion/>

The credibility of those testifying for drastic "reforms" deserves scrutiny. Alongside Katz, Mr. Wright has a history of making public statements attacking IVGID staff, and Mr. Dobler was asked to resign from the Audit Committee following the discovery of an undisclosed loan to Trustee Dent. Such personal grievances, in our view, should not drive policy changes that affect our entire community.

We are particularly alarmed by Katz's

suggestions to the Department of Taxation, which include declaring a Severe Financial Emergency in Incline Village, placing IVGID on Fiscal Watch, pushing NDOT to take over IVGID management, and encouraging the Washoe County Board to consider dissolving or consolidating the District. These drastic measures would likely harm the community far more than they would help, especially considering the significant progress made by our Finance Department under challenging conditions imposed by a divided Board and a depleted staff.

The real solution lies not in extreme interventions but in providing IVGID with the resources, stability, and time necessary to resolve these issues constructively. Our Finance Department, though under strain, has shown resilience and commitment, despite the numerous pressures imposed by these divisive tactics.

With the election of capable and experienced candidates—Mr. Homan, Ms. Jezyski, and Ms. Tonking—we have renewed hope that a cooperative Board will work to rejuvenate IVGID's staff and set the District on a path of financial stability and operational integrity. We believe that, given the chance, this Board will prioritize constructive solutions and community-minded oversight rather than succumbing to external pressures that could destabilize IVGID further.

We encourage you to weigh these perspectives carefully, as the strength of IVGID relies on a supportive community that enables our staff and Board to restore stability and accountability. Thank you for your time and thoughtful consideration.

Please feel free to contact us if you have any questions.

Sincerely,

R. Myles Riner, MD, and Kristie Wells

November 4, 2024

Nevada Department of Taxation ("NDOT")
Committee on Local Government Finance ("CLGF")
Honorable Marvin Leavitt, Chairperson
c/o Chali Spurlock
1550 College Parkway, Suite 115
Carson City, NV. 89706
Telephone: (775) 684-2100
(775) 684-2066
Fax: (775) 684-2020
e-mail: CSpurlock@tax.state.nv.us

TRANSMITTED BY E-MAIL

Re: Sub-Committee to Possibly Recommend Placing The Incline Village General Improvement District ("IVGID") on Fiscal Watch Pursuant to NRS 354.675 or to "Take Some Action Other Than That" – That "Other Action" Being Notifying Washoe County That The IVGID Board of Trustees ("The Board") Is Neither Properly Managing The District Nor is The District Complying With The NRS Pursuant to NRS 318.515 – Additional Follow Up.

Chairperson Leavitt and Other Honorable Members of the CLGF:

As you know, I am a long-time permanent resident of Incline Village. And I am deeply concerned with IVGID's mis-management and the disingenuous games it plays with the public's finances.

At the CLGF's October 23, 2024 meeting the sub-committee referenced in the above subject matter was created for the stated reasons referenced above. And the purpose of this letter is to urge the CLGF that the time has come to take "other action" because:

3. it's obvious the District will *not* be able to complete nor file with the NDOT the financial audit for fiscal year 2024 mandated by NRS 354.624 within the time lines specified therein;
2. Contrary to representations made by the District at the CLGF's October 23, 2024 meeting; and,
3. The facts I now share with the CLGF which demonstrate its revenue sources do not comply with law.

**THE DISTRICT HAS NEVER COMPLETED A FINANCIAL AUDIT
FOR FISCAL YEAR 2023**

As the CLGF knows, IVGID's fiscal year for purposes of financial accounting 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,” the District was required to submit to its Board its audit of its 2023 financial statements no later than November 30, 2023. IVGID never did this.

Given NRS 354.624(1) goes on to instruct that “an extension of this time may be granted by the Department of Taxation to any local government that submits an application for an extension to the Department,” prior to November 30, 2023 the District began submitting such applications to the NDOT; 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 what it labeled an audit of its financial statements for fiscal year 2023, it represented constituted “transmit(tal) to the Board of Trustees (of) a report by the District's Independent Auditor, Davis Farr, LLP, on the District's audited Financial Statements and internal control for the Fiscal Year ending June 30, 2023.” Actual delivery of those statements and those pertaining to internal control did not take place until April 1, 2024.

On September 18, 2024 budget analyst Kellie Grahmann sent IVGID a letter¹⁷ wherein she stated that 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 “include(e) findings on compliance with statutes and regulations and an expression of opinion on the financial statements.”

WHERE, EXACTLY, DOES BUDGET ANALYST KELLIE GRAHMANN GET OFF INSTRUCTING IVGID IT NEED *NOT* COMPLETE AND FILE ITS 2023 FINANCIAL AUDIT WITH THE DEPARTMENT?

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-opinion¹ as NRS 354.624(1) mandates (“each local government *shall* provide for an annual audit of all of its financial statements”). Where exactly did Ms. Grahmann obtain that authority? I find nothing in NRS 354 nor NAC 354 which provide therefore. In fact to the contrary, NRS 354.624(1) instructs that if IVGID “fails to provide for an audit in accordance with the provisions of this section, the Department of Taxation *shall cause the audit to be made at the expense of the local government.*” So does the CLGF intend to recommend to the NDOT that it *cause the 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?

MOREOVER, THE DISTRICT'S INADEQUATE FINANCIAL AUDIT FOR FISCAL YEAR 2023 FAILS TO INCLUDE FINDINGS ON COMPLIANCE WITH NRS STATUTES AND NAC REGULATIONS

Notwithstanding the District's proffered financial audit for fiscal year 2023 did not meet the provisions of NRS 354.624(4) because it failed to include the auditor's opinion on the District's financial statements, on its face, it demonstrated another NRS 354.624(4) deficiency; the failure to include “findings on compliance with (NRS) statutes and (NAC) regulations.” The

¹ Ms. Grahmann's e-mail to IVGID is attached as Exhibit “A.”

reason being that the District's revenue sources as declared in its Community Services and Beach enterprise Funds do not comply with NRS statutes and NAC regulations. And why is this relevant to the CLGF's determination of whether IVGID should be placed on fiscal watch? Because NRS 354.685(2) instructs that the CLGF *shall* "conduct one or more hearings to determine whether a severe financial emergency exists in a local government (whenever) the Department finds that one or more of" twenty-seven (27) conditions exist. And with respect to the failure to make findings on the compliance with statutes and regulations in particular, because the District's recreation fees are not in compliance with statutes and regulations, the following conditions exist...(d) The local government has incurred debt beyond its ability to repay; (e) (it) has not corrected violations of statutes or regulations...noted in the audit report (and,)...(h) (it) has...insufficient cash to meet required payroll payments." If the District's recreation fees are determined to not be in compliance with NRS statutes and NAC regulations, then each of the foregoing conditions in NRS 354.685(2) exist. And if they exist, NRS 354.675(1) instructs the NDOT "*shall* provide written notice to the local government...that the local government has been placed on fiscal watch by the Department."

**THE DISTRICT'S "RECREATION FEE" IS INCORRECTLY REPORTED AS
"OPERATING REVENUE" BECAUSE IT IS THE PRODUCT OF A
SERIES OF NONEXCHANGE TRANSACTIONS**

Page 24 of the proffered 2023 Annual Comprehensive Financial Report ("ACFR") represents a statement of revenues and expenses for the year ended June 30, 2023². There the CLGF will find the District's "recreation fee" reported under "operating revenues." They are not. Rather, they are special taxes against property which are not properly reported under operating revenues. Which means they have been not reported in compliance with law.

GASB Statement 9 establishes standards for cash flow reporting for governmental entities that use proprietary fund accounting. "This Statement requires that a statement of cash flows classify cash receipts and payments according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities, and it provides definitions of each category." The operating cash flows category would *exclude* most revenues that are not received due to proprietary funds operations (such as the District's recreation fees), because they are considered to be (the product of) non-exchange-like transactions³. In other words, they are levied to assist in funding the deficit or net cost of operations and are not received due to proprietary funds operations.

The District's last two auditors (DavisFarr and Eidy Bailly) and its previous Finance Director have all concluded that the District's recreation fee is the product of nonexchange

² This page is attached as Exhibit "B." I have placed an asterisk next to the District's "recreation fee" which has been assigned to two proprietary funds; Community Services and Beach.

³ "This includes most revenues considered to be nonexchange and exchange-like, such as tax revenues" (see ¶102 of GASB 34). Given GAAP governments are not created to generate tax revenue, taxes are not comparable to charges for services.

transactions and for this reason it is a tax⁴.

THE DISTRICT'S "RECREATION FEE" HAS NOT BEEN LEVIED IN COMPLIANCE WITH NRS STATUTES

The District labels its recreation fees as "recreation standby and service charges...for the availability of use of the recreation facilities described."⁵ It is not. And its involuntary levy against real property⁶ is not in compliance with a NRS statute. The law is clear that just because the District has labeled its recreation fees as it has is not controlling. 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."⁷ An examination of the "operating incidence" of the District's recreation will reveal it is not the "fee" it represents. Further, according to the District, the statutory authority for its recreation fee is NRS 318.197(1)⁸. But a careful reading of that statute will reveal that although a general improvement district's ("GID's") has the authority to fix and from time-to-time adopt "service charges and standby service charges, for...the availability of service," it has no authority to adopt such charges for the availability of facilities.

In other words, the District's recreation fee has not been adopted in compliance with a NRS statute.

⁴ 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, in which each party receives and gives up essentially equal values...This Statement identifies four classes of nonexchange transactions." One of those classes is "*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)." Or as here, the District's recreation fees.

⁵ See that Report attached to Resolution 1909 which appears at https://www.yourtahoeplace.com/uploads/pdf-ivgid/2024-0531_Supplemental_ItemG2A_Resolution_Report_for_Collection_of_Recreation_Standby.pdf (Supplemental Item G2A of "the 5/31/2024 Board packet").

⁶ See NRS 318.201(1) which states that "Any board which has adopted rates pursuant to this chapter may, by resolution or by separate resolutions, elect to have such charges for the forthcoming fiscal year collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the county's general taxes."

⁷ See *Clean Water Coalition v. The M Resort*, 127 Nev. Adv. Op. 24, 255 P.3d 247 (2011).

⁸ "As part of the annual budget process, (IVGID staff tell us) the Board is required to approve a resolution which outlines the billing and collection process set forth in Nevada Revised Statutes 318.197 (establishing standby service charges for services and facilities furnished by the District) and 318.201 (establishing the method of collection), as well as the preliminary amount of the Recreation Facility Fee (RFF) and Beach Facility Fee (BFF)" (see the staff memo made a part of the 5/31/2024 Board packet).

**IF THE DISTRICT'S "RECREATION FEE" IS NOT THE NRS 318.197(1)
"FEE" IT REPRESENTS, THEN WHAT IS IT?**

Clean Water Coalition, supra, at 127 Nev. Adv. Op. 19-20 provides the answer:

"To distinguish between a 'fee' and a 'tax,' the Hawaii Supreme Court in *Medeiros* adopted a modified version of the test articulated by the Massachusetts Supreme Judicial Court in *Emerson College*, which analyzes whether the charge: '(1) applies to the direct beneficiary of a particular service⁹, (2) is allocated directly to defraying the costs of providing the service¹⁰, and (3) is reasonably proportionate to the benefit received¹¹" (see *Medeiros, supra*, at 973 P.2d 742). If those criteria fit the charge, it is a fee (*Id.*, at 742-45)." If they don't, it "must be considered a tax" (see *Medeiros, supra*, at 973 P.2d 742).

And in Nevada, it is an invalid one (in other words, not in compliance with law). The only taxes a GID is authorized to levy are *ad valorem* ones (see NRS 318.225). Given IVGID's recreation fee is uniform in amount and not *ad valorem*, it is invalid.

**WITHOUT THE INVOLUNTARY SUBSIDY OF THE DISTRICT'S RECREATION
FEE, ITS FINANCES ARE A HOUSE OF CARDS READY TO COLLAPSE**

From an examination of Exhibit "A," the CLGF can see that the RFF represents 16% of all operating income but for operating grants. And the BFF represents a whopping 82½% of all operating income. 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.

**ALTHOUGH NOT DIRECTLY RELEVANT TO THE PRESENT INQUIRY,
NO ASSESSED PARCEL OWNER CAN APPEAL THIS "FEE"**

An examination of NRS 318 reveals that unlike NRS 318.199 insofar as water and sewer

⁹ Given the alleged direct beneficiary of the facilities for which IVGID's recreation fee is assessed differs from those parcels which are charged, this first pillar of the *Medeiros* test has not been satisfied.

¹⁰ Given no "service" is furnished and even if it were, the recreation fee is not allocated directly to defraying the costs of providing that service. Rather it pays for the difference between budget revenues and intentional over spending, systemwide. Which means the second pillar of the *Medeiros* test has not been satisfied.

¹¹ Given those parcels which are assessed realize no special benefit as a result of forced payment, the recreation fee assessed is not proportionate to any benefit received. Which means the third pillar of the *Medeiros* test has not been satisfied.

rates are concerned¹², no remedy exists for assessed parcel owners to challenge the validity of IVGID's recreation fee. Although NRS 318.201(12) states that "All laws applicable to the levy, collection and enforcement of general taxes of the county, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to" IVGID's recreation fee, in the real world they're not. The way to challenge general (*ad valorem*) taxes of the county is administratively, by filing appeal with the County Board of Equalization¹³ ("CBOE"). However, given IVGID's recreation fee is not based upon assessed valuation, the CBOE refuses to entertain such appeals. Meaning that in the real world, this apparent remedy is illusory.

**THE DISTRICT WILL NOT BE ABLE TO COMPLETE NOR PRESENT
TO ITS BOARD IN A TIMELY MANNER, A FINANCIAL AUDIT
FOR FISCAL YEAR 2024**

The Chairperson has made it very clear he expects the District's audited financial statements to be filed with the NDOT in a timely manner (i.e., December 31, 2024). IVGID staff have misrepresented to the CLGF time and time again that the District's 2024 audited financials will be presented to the Board and the NDOT in a timely manner, and that "no extension is anticipated."¹⁴ *That's not going to take place.* I firmly expect the District to make written request for an extension sometime within the next 2-3 weeks. And when this happens, the CLGF will know the truth. And that's that "required financial reports have not been filed or are consistently late."¹⁵

**"OTHER ACTION" – NOTIFY WASHOE COUNTY THAT THE IVGID
BOARD IS NOT PROPERLY MANAGING THE DISTRICT, AND
THAT THE DISTRICT IS NOT COMPLYING WITH THE NRS**

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

¹² NRS 318.199(6) states that "any person who has protested...(any) change (in) any individual or joint rate, toll, charge, (water or sewer) service or product, or any individual or joint practice which will affect any (water or sewer) rate, toll, charge, service or product...may commence an action in any court of competent jurisdiction to set aside the resolution" adopting the same.

¹³ See NRS 361.355-361.357.

¹⁴ See the District's interim Finance Director Susan Griffith's statements in the November 1, 2024 edition of the Tahoe Daily Tribune Newspaper (go to <https://www.tahodailytribune.com/news/nv-department-of-taxation-subcommittee-to-determine-if-ivgid-should-be-placed-on-fiscal-watch/>).

¹⁵ See NRS 354.685(2(a)). One of the twenty-seven (27) express conditions listed which support the NDOT's obligation to provide written notice to IVGID it has been placed on fiscal watch [see NRS 354.675(1)].

properly managing IVGID. 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 with¹⁶.

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 inability to properly manage IVGID. Then on September 18-19, 2024 CLGF staff provided evidence of an additional three (3) specific instances¹⁷. And on October 22, 2024 I provided evidence of yet an additional two (2) instances. And in addition, the District’s written request to Washoe County (which was rejected) for more help pursuant to NRS 318.098¹⁸! All told ten (10) instances plus a letter asking for help! How many such instances does the CLGF have to see before it takes action? Like I said. IVGID is not being properly managed.

Given the NDOT’s job “is to make sure the tax system in Nevada is run *fairly*, efficiently and effectively,”¹⁹ 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, 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

¹⁶ 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.

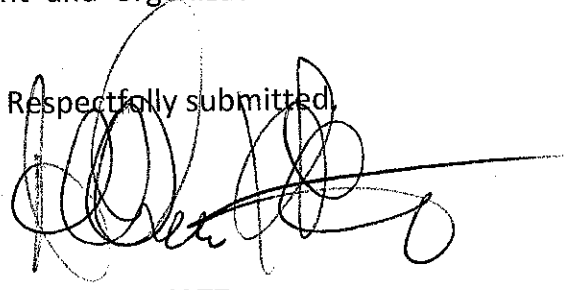
¹⁷ See NRS 354.624(4) [pages 192-93 of the Committee packet for its October 23, 2024 meeting (“the 10/23/2024 Committee packet”)], NRS 354.598005 and NRS 354.410 [pages 194-95 of the 10/23/2024 Committee packet].

¹⁸ 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.”

¹⁹ Go to <https://tax.nv.gov/about-nevada-department-of-taxation/#:~:text=The%20Department%20of%20Taxation%20is,the%20State%20Debt%20Service%20Fund.>

(d) Determine by resolution that management and organization of the district will remain unchanged.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Aaron L. Katz', written over a horizontal line.

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

ALK/a
encl.

EXHIBIT "A"

Sue

From: Kellie Grahmann <kgrahmann@tax.state.nv.us>
Sent: Thursday, October 17, 2024 3:11 PM
To: Susan U. Griffith <sug@ivgid.org>
Subject: Audit Non-Compliance

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Susan,

As per our conversation yesterday, you do not need to redo Fiscal Year 2023 audit because of the non-opinion. What you need to do is write a Plan of Corrective Action. In the plan state that you understand why IVGID did not receive an opinion on their audit. What safe guards and guarantees can you use so that this is not an issue again in the future.

Thank you,

Kellie J. Grahmann

Nevada Department of Taxation

Local Government & Finance

3850 Arrowhead Dr, 2nd Floor

Carson City, NV 89706

kgrahmann@tax.state.nv.us

775-684-2065 Office

EXHIBIT "B"

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds			Internal Service Fund	Total
	Utility Fund	Community Services Fund	Beach Fund		
OPERATING REVENUES					
Sales and fees	\$ 14,644,009	\$ 20,579,508	\$ 616,642	\$ -	\$ 35,840,159
Recreation fee	-	3,911,100	2,909,434	-	6,820,534
Operating grants	-	156,995	-	-	156,995
Interfund services	57,332	-	-	2,833,010	2,890,342
Total operating revenues	14,701,341	24,647,603	3,526,076	2,833,010	45,708,030
OPERATING EXPENSES					
Wages and benefits	4,804,610	11,053,958	1,274,803	2,217,480	19,350,851
Cost of goods sold	-	1,726,032	244	-	1,726,276
Services and supplies	2,115,760	6,349,111	452,357	1,036,636	9,953,864
Defensible space	89,956	89,956	-	-	179,912
Central services cost	-	1,204,069	127,085	-	1,331,154
Insurance	238,881	495,552	44,493	17,888	796,814
Utilities	1,185,815	1,567,973	150,942	12,971	2,917,701
Professional fees	160,254	30,407	4,900	-	195,561
Depreciation	3,227,844	2,967,926	309,155	9,681	6,514,606
Total operating expenses	11,823,120	25,484,984	2,363,979	3,294,656	42,966,739
Operating income (loss)	2,878,221	(837,381)	1,162,097	(461,646)	2,741,291
NONOPERATING REVENUES (EXPENSES)					
Investment earnings (loss)	200,999	196,111	63,789	(264)	460,635
Insurance proceeds	-	2,260	-	-	2,260
Gain (loss) on sales of assets	-	(110,805)	(1,001)	-	(111,806)
Lease revenue	-	131,864	-	-	131,864
Other expenses	(4,647)	(500)	(150)	(278)	(5,575)
Interest expense	(63,779)	(2,017)	(4)	-	(67,800)
Total nonoperating revenues (expenses)	130,573	216,913	62,634	(542)	409,578
Income before transfers and contributions	3,008,794	(620,468)	1,224,731	(462,188)	3,150,869
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Transfer in	1,000,000	-	-	-	1,000,000
Capital grants	-	1,139,421	-	-	1,139,421
Change in net position	4,008,794	518,953	1,224,731	(462,188)	5,290,290
Total net position, July 1	77,568,284	64,718,058	13,934,794	(150,890)	156,070,246
Total net position, June 30	\$ 81,577,078	\$ 65,237,011	\$ 15,159,525	\$ (613,078)	\$ 161,360,536

The notes to the financial statements are an integral part of this statement.