

**From:** [s4s@ix.netcom.com](mailto:s4s@ix.netcom.com)  
**To:** [Chali Spurlock](#)  
**Cc:** [Kelly S. Langley](#)  
**Subject:** Fw: Re: IVGID's 2024 Audit - Inability to Comply With The CLGF's March 26, 2025 Drop Dead Date - Augmented by Inability to Select Auditor For 2025-26 - When is Enough, Enough? - Follow Up  
**Date:** Wednesday, April 2, 2025 1:42:15 PM  
**Attachments:** [2025.3.26.staff.memo.admittng.loss.of.auditor.for.2025-26.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 and Ms. Langley -

On March 26 and 28, 2025 I sent you the e-mails below. Wherein I asked Chairperson Leavitt to call a special meeting of the CLGF as a result of IVGID's failure to:

1. Prepare and present to the Dep't of Taxation its audited ACFR for FY 2024, which is due today; and,
2. Designate and send to the Dep't of Taxation an auditor or firm which is due next Monday, March 31, 2025 for the District's 2025 ACFR, as mandated by NRS 354.624(3). **This is a new timeline violation!**

In response Chairperson Leavitt called for a special meeting of the IVGID sub-committee. Which is set for hearing on April 4, 2025.

Since both of these matters will be the subject of this special meeting, I would have thought that my e-mails below would have been made a part of the written materials prepared in anticipation of that meeting (i.e., the sub-committee packet). But a review of that packet discloses my e-mails below have not been included.

So my request. Will you please make the e-mails below a part of the sub-committee packet for the upcoming April 4, 2025 meeting? And will you please ensure that copies are sent to sub-committee members, if they haven't already been sent?

Thank you for your cooperation.

Aaron Katz

-----Forwarded Message-----

From: <s4s@ix.netcom.com>

Sent: Mar 28, 2025 6:35 AM

To: <klangley@tax.state.nv.us>

Cc: <CSpurlock@tax.state.nv.us>

Subject: Fw: Re: IVGID's 2024 Audit - Inability to Comply With The CLGF's March 26, 2025 Drop Dead Date - Augmented by Inability to Select Auditor For 2025-26 - When is Enough, Enough? - Follow Up

Hello Ms. Langley -

I don't know if you received the e-mail below because apparently it was sent to an incorrect e-mail address.

So I am sending it to you again, using what I hope is the correct e-mail address.

If Ms. Spurlock hasn't done what I requested (immediately share the contents of this e-mail with all members of the CLGF. And specifically, Chairperson Leavitt), can you please ensure that the same takes place?

And maybe you/Ms. Spurlock can confirm back to me that the same has taken place?

Thank you for your cooperation. Aaron Katz

-----Forwarded Message-----

From: <s4s@ix.netcom.com>

Sent: Mar 26, 2025 11:30 AM

To: <CSpurlock@tax.state.nv.us>

Cc: <klangley@tax.state.nev.us>

Subject: Re: IVGID's 2024 Audit - Inability to Comply With The CLGF's March 26, 2025 Drop Dead Date - Augmented by Inability to Select Auditor For 2025-26 - When is Enough, Enough?

Hello Ms. Spurlock and Ms. Langley -

Can you please immediately share the contents of this e-mail with all members of the CLGF? And specifically, Chairperson Leavitt? I would like to ensure that the CLGF be made aware of what's going on with IVGID and promptly schedule a meeting to address the growing list of missed deadlines and failure to properly manage the affairs of the District. The longer the delay, the greater the risk of harm to the public.

And as a follow up to my e-mail of March 20, 2025 (see below), the Incline Village public (myself and my neighbors) is asking that the CLGF schedule a special meeting without further delay to address, in part, IVGID's failure to:

1. Prepare and present to the Dep't of Taxation its audited ACFR for FY 2024, which is due today; and,
2. Designate and send to the Dep't of Taxation an auditor or firm which is due next Monday, March 31, 2025 for the District's 2025 ACFR, as mandated by NRS 354.624(3). **This is a new timeline violation!**

Let's review the facts.

1. On March 20, 2025 I made the CLGF aware of the fact that Kelly Grahmann, a budget analyst with the Dep't of Taxation, sent IVGID's Finance Director a letter granting the District a **FOURTH** extension of time to prepare and present to the Dep't of Taxation its audited ACFR for FY 2024.

2. This extension was contingent upon **IVGID's submission of an 2024 ACFR no later than TODAY**. Which meant that if IVGID failed to submit its 2024 ACFR to the Dep't by **TODAY**, the fourth extension granted by Ms. Grahmann on March 4, 2025 would be **RESCINDED**. Meaning IVGID would be in clear violation of NRS 354.624(1).

3. At that time, as well as before on March 10, 2025, I voiced my fear that the District would be unable to satisfy Ms. Grahmann's time constraints **for a FIFTH time!**

4. Today is March 26, 2025 and at the end of business IVGID will officially be in

default of the condition(s) upon which the District was granted its last extension to submit its 2024 ACFR. And given the District Board can only approve a proposed ACFR at a meeting duly noticed for this purpose, at least three working days prior to the meeting [see NRS 241.020(3)], and through and as of the date and time of this e-mail (i.e., after 9:00 A.M.) no such notice has been published, the District has no ability to submit its 2024 ACFR to the Dep't of Taxation by the time limitation prescribed by Ms. Grahmann.

5. Which means **the District is in default again!**

6. So again I ask; when is the CLGF going to do what the statute instructs? Or as members of the committee have suggested, isn't it time for the CLGF to send the message it's serious?

But unfortunately, there's more! As the District spirals deeper into this black hole, IVGID is now on track to begin defaulting on another statutory time line next Monday. Let me explain.

7. On February 24, 2025 (see below) I informed the CLGF that IVGID has lost its auditor, DavisFarr, for the forthcoming and future fiscal years. In the packet of materials prepared by staff in anticipation of yesterday afternoon's Audit Committee meeting, staff confirmed that Davis Farr has **prematurely** terminated its five (5) year auditing contract with the District. I have attached the staff memo to this e-mail which reveals this disturbing fact ("DavisFarr has informed the District that they will not be our auditors for the upcoming fiscal year").

8. But even worse, the District is unable to find a replacement auditor! In the same staff memo our Finance Director admits "the Audit Committee should discuss alternatives, and...provide an update on (staff's **in**)ability to find a new auditing firm." Well since there was nothing to discuss, yesterday's Audit Committee meeting was **cancelled**. The District has no auditor for FY 2025-26, nor does it have the prospect of securing one by next Monday, March 31, 2025. It appears the news has gotten out to the auditing community. IVGID is "bad news."

9. NRS 354.624(3) instructs that IVGID's auditor or firm **must** be designated, and notification of the auditor or firm designated **must** be sent to the Department of Taxation, not later than 3 months before the close of the fiscal year for which its 2025 audit is to be made. And given the District's fiscal year ends on June 30, three months before is March 31. Yet as of today; IVGID has no such auditor. And since the District Board can only approve the selection of a new auditor at a meeting duly noticed for this purpose, at least three working days prior to the meeting [see NRS 241.020(3)], and so far (i.e., after 9:00 A.M.) no such notice has been published, the District has no ability to select a new auditor and notify

the Dep't of Taxation of the same by next Monday!

10. And given there is no statute available to the District for securing an extension of the three month time limitation for designating an auditor and notifying the Dep't of Taxation of the same, as there is for approving an audit, the District is going to be in default of yet another NRS 354.685(2) condition dealing with fiscal watch: "**required financial reports have not been filed or are consistently late.**"

11. So once again I ask, when is the CLGF going to do what NRS 254.675(1) instructs?

12. How many examples of improper management does the CLGF require to take action? Again I point to NRS 318.515(1) and ask the CLGF to recommend to the Executive Director that the Dep't of Taxation notify the Washoe County Board of Commissioners to hold a hearing to consider whether 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;

(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.

Summarizing, please share these matters with all CLGF members who will hopefully notice the special meeting requested.

Thank you for your cooperation. Aaron Katz

-----Original Message-----

From: <s4s@ix.netcom.com>

Sent: Mar 20, 2025 12:25 PM

To: <CSpurlock@tax.state.nv.us>

Cc: <klangley@tax.state.nv.us>

Subject: Re: IVGID's 2024 Audit - Delayed AGAIN Beyond The CLGF's March

26, 2025 Drop Dead Date - When is Enough, Enough?

Hello Ms. Spurlock and Ms. Langley -

Can you please share the contents of this e-mail with all members of the CLGF? And specifically, Chairperson Leavitt? **RIGHT NOW!** Not to be included in the packet of materials presented to the CLGF in anticipation of its next meeting, whenever that meeting may be scheduled. But **RIGHT NOW.** Because I am certain the CLGF has no clue what's been going on with IVGID. And the public continues to be harmed.

And as a follow up to my e-mail of last evening, the Incline Village public is asking that the CLGF schedule a special meeting **RIGHT NOW** to address, in part, IVGID's failure to prepare and present to the Dep't of Taxation its audited ACFR for FY 2024.

On March 4, 2025 Kelly Grahmann, a budget analyst with the Dep't of Taxation, sent IVGID's Finance Director a letter granting the District a **FOURTH** extension of time to prepare and present to the Dep't of Taxation its audited ACFR for FY 2024. Many of us objected to this unilateral staff action without notice to the public. You will recall that Dep't of Taxation staff refused to grant a similar request for a **THIRD** extension of time. Rather, staff properly chose to bring that request to the CLGF for its determination. Which the CLGF will recall was somewhat reluctantly granted.

Although Ms. Grahmann granted IVGID a **FOURTH** extension, it was contingent. Contingent on what? Contingent on **IVGID's submission of an 2024 ACFR no later than March 26, 2025.** This means that if IVGID fails to submit its 2024 ACFR to the Dep't by March 26, 2024, the fourth extension granted on March 4, 2025 should be **RESCINDED.** In other words, IVGID will be in clear violation of NRS 354.624(1).

The CLGF will see from my March 10, 2025 e-mail below, I voiced my "fear that **AGAIN**, the District will be unable to satisfy Ms. Grahmann's time restraints for an unbelievable FIFTH time! And the District will be submitting yet another extension request relying upon more disingenuous lies. **Probably sometime around March 18, 2025.**" Well guess who was correct again?

The IVGID BOT held a special meeting last evening. Thereat it was announced to the public **that the District would not be securing a 2024 ACFR by March 26, 2025** (next Wednesday) This morning IVGID's GM informed me that staff informed Dep't of Taxation staff of this fact in a tele conference meeting

yesterday morning. Given there will no longer be a valid extension in effect, I again ask the CLGF to do what NRS 354.624(1) and 354.675(1) expressly instruct it do:

NRS 354.624(1): "If the local government 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."

NRS 354.675(1): "If 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 in a local government...the Department **shall** provide written notice to the local government, the Commission and the Committee **that the local government has been placed on fiscal watch by the Department.**"

Although I and others have made the CLGF aware of at least ten (10) existing conditions specified in NRS 354.685(2), let's take the most straightforward one: "(a) Required financial reports have not been filed or are consistently late."

Please do your jobs! Call a special meeting to take the following actions:

1. Cause the 2024 audit to be made at IVGID's expense.
2. Provide notice to IVGID that it has been placed on fiscal watch by the Department.
3. And "conduct one or more hearings to determine whether a severe financial emergency exists in a local government" pursuant to NRS 354.685(1) given "required financial reports have not been filed or are consistently late."

I have written to the CLGF in the past about another NRS 354.624(4) requirement for all ACFRs: That they "must be a financial audit conducted in accordance with generally accepted auditing standards in the United States, **including findings on compliance with statutes and regulations** and an expression of opinion on the financial statements." I have made the CLGF aware of two sources of revenue included in IVGID's ACFRs that are not in compliance with statutes and regulations. Those would be the District's "so called" Recreation ("RFF") and Beach ("BFF") Facility Fees assigned to its Community Services and Beach Enterprise Funds, respectively. IVGID's auditor is on record having described both exactions as the product of

compelled non-exchange transactions. Making them taxes under GASB 33, no general improvement district ("GID") is authorized to levy.

Last night a second source of funding not in compliance with statutes and regulations was revealed. This exaction is inartfully labeled as a compulsory "defensible space" fee. Funding for 50% of this fee comes from the District's Community Services Enterprise Fund. The other 50% comes from the District's Water and Sewer Enterprise sub-Funds. Since all non-exempt IV/CB parcels are involuntarily assessed the RFF, and this "fee" includes, in part, defensible space charges, in essence all non-exempt parcels in IV/CB are involuntarily assessed defensible space charges. Since all local parcels are compelled to obtain their water and sewer services through IVGID, the District's utility rates and charges include the costs for defensible space. Meaning all non-exempt parcels in IV/CB are again, involuntarily assessed these charges.

The difference between "fees" and "taxes" is the "special benefit" they furnish, or fail to furnish, to those properties which are assessed. Defensible space renders no "special benefit" to those IV/CB properties which are assessed. Rather, they furnish benefits to all citizens, residents, visitors, and invitees to IV/CB, as well as all real properties in IV/CB, even those exempted from payment (such as IVGID, the Washoe County School District, the North Lake Tahoe Fire Protection District, etc.). When a service furnishes benefits to the general public as a whole, there's nothing "special" about them. Which means that the exactions a government assesses therefore cannot be "fees." Rather they are taxes. And here taxes no GID is authorized to levy.

Recently a third source of funding not in compliance with statutes and regulations was revealed. This exaction is labeled a solid waste franchise fee. Simply stated, IVGID charges our solid waste collector, Waste-Management ("W-M"), a 10% fee on gross revenues. And under our franchise agreement, W-M is permitted to "pass through" this expense to all solid waste disposal customers. And like water and sewer services, all local IV/CB parcel owners are compelled to secure their solid waste disposal services through W-M. Meaning that at the end of the day, IVGID's solid waste franchise fee is paid by all IV/CB parcel owners.

The fees a GID may legitimately charge are specified in NRS 318.197(1). That NRS states that its "board may fix...rates, tolls or charges...for services or facilities furnished by the district." So what services or facilities does IVGID furnish to W-M in consideration of assessment of this fee? The answer is **NONE!** Typically municipalities charge utility (such as NV Energy, Southwest Gas) and solid waste disposal providers franchise fees (they're typically identified as some type of governmental fee). The justification therefore is that these providers travel upon a municipality's streets and highways, causing disproportionate damage, necessitating additional roadway maintenance expenses. But IVGID owns very, very few streets and highways in IV/CB. But for a portion of a single street, all others are either owned by the State or have been dedicated to Washoe County. Meaning there's no justification for IVGID



to assess this fee.

Furthermore, the PUC has issued regulations insofar as the assessment of franchise fees on providers of public utilities. Those regulations limit the reasonableness of such fees to 5% of gross revenues. Given IVGID's franchise fee totals 10% of gross, it's not only an impermissible tax, it's an unreasonable one.

So at the end of the day, IVGID is incapable of submitting an ACFR in compliance with NRS 354.624(4).

For all of these reasons, please share these matters with all CLGF members who will hopefully notice the special meeting requested.

Thank you for your cooperation. Aaron Katz

-----Original Message-----

From: <s4s@ix.netcom.com>

Sent: Mar 10, 2025 10:31 PM

To: <CSpurlock@tax.state.nv.us>

Cc: <klangley@tax.state.nv.us>

Subject: Re: IVGID's 2024 Audit - Delayed AGAIN Beyond The CLGF's February 28, 2025 Drop Dead Date - Now a Fourth Extension Request - When is Enough, Enough?

Hello Ms. Spurlock and Ms. Langley -

Can you please share the contents of this e-mail with all members of the CLGF? And specifically, Chairperson Leavitt? Because I am certain the CLGF has no clue what's been going on with IVGID.

I am e-mailing the CLGF because members of the Committee may recall that IVGID asked for and received a third extension of time to file its 2024 ACFR at the committee's meeting of January 22, 2025. After representing several times before that no further extension requests would be necessary. And after how many extension requests insofar as the 2023 ACFR was concerned?

So on Feb 24, 2025 I wrote to the CLGF again to make members aware of the fact that in my opinion, there would be a fourth extension request (see below). And it turns out I was correct. AGAIN!

I would have anticipated that just like the third extension request, the Dep't wouldn't rule upon IVGID's fourth extension request. Instead, it would call for a special meeting of the CLGF to let the Committee decide whether or not a fourth extension would be granted.

But that's not what happened. Because your staff is working as a partner of a local government to the prejudice of the public it supposedly exists to protect.

Because on March 4, 2025 Ms. Grahmann granted IVGID's fourth extension request as if it were routine. And in case members haven't seen the same, it is attached for members' review.

And listen to Ms. Grahmann's words: "It is the Dep't's policy to grant extensions ONLY where unforeseeable and uncontrollable conditions exist, and where DUE CARE and adequate planning...make the five-month statutory audit preparation period insufficient."

Unforeseeability? uncontrollable conditions? Adequate planning? Take a look at the District's bases in support of its fourth extension request. NO EVIDENCE WHATSOEVER of "due care," "adequate planning," or "uncontrollable conditions." Instead, total gobblegook, arrogance to the public, and a sense of entitlement. Yet Ms. Grahmann granted the request as a matter of fact.

Now for the kicker. Ms. Grahmann's extension grant was conditioned upon "submission (of the District's 2024 audit) to (its) governing body (by)...March 25, 2025." And submission of an approved version to the Dep't no later than March 26, 2025. Well that's not going to happen!

The District's auditor DavisFarr has already announced it will be issuing a disclaimer letter which as members know, does not comply with NRS 354.624(1). And as I have warned, mandated findings of compliance with statutes and regulations will not be included.

But I fear it will be worse. I fear that AGAIN, the District will be unable to satisfy Ms. Grahmann's time restraints for an unbelievable FIFTH time! And the District will be submitting yet another extension request relying upon more disingenuous lies. Probably sometime around March 18, 2025. Barely a week from now! And why do I say this? Because our GM has announced that notwithstanding the fact staff have represented to the Dep't they will be able to present the District's 2024 audit to the Dep't by March 30, 2025, he expects **it will not be presented until April 30, 2025!** An although we have an Audit Committee, the proposed 2024 ACFR hasn't even been shared with Committee members. And if this takes place, is Ms. Grahmann going to matter of factly grant yet another request? More business as usual?

Please, please instruct Ms. Langley and Ms. Grahmann to **NOT** share my fears with the District. Don't put any of District staff on notice I fear they won't comply with Ms. Grahmann's time restraints. Again! Let's all just see how the facts play out. To see if I'm right. Again.

And if the foregoing isn't sufficient to demonstrate the District is incapable of properly managing itself, listen to this revelation which appeared in the staff packet of materials prepared in anticipation of the District Board's March 5, 2025 meeting: "We have identified that the Community Recreation Division and Beach Fund **have exceeded the adopted budget.** To comply with NRS 354.626, a Budget Amendment Resolution will be required with board approval and submission to the State of Nevada Department of Taxation." This is after the District pulled the same stunt last year and submitted a "Johnny-come-lately" budget augmentation resolution which was **rejected** by the Dep't!

Come on guys. When is enough, enough?

Respectfully, Aaron Katz

-----Original Message-----

From: <s4s@ix.netcom.com>

Sent: Feb 24, 2025 4:30 PM

To: <CSpurlock@tax.state.nv.us>

Cc: <klangley@tax.state.nv.us>

Subject: IVGID's 2024 Audit - Delayed AGAIN Beyond The CLGF's February 28, 2025 Drop Dead Date - When is Enough, Enough?

Hello Ms. Spurlock and Ms. Langley -

Can you please share the contents of this e-mail with all members of the CLGF? And specifically, Chairperson Leavitt?

I am e-mailing the CLGF because members of the Committee may recall that IVGID asked for and received a third extension of time to file its 2024 ACFR at the committee's last meeting of January 22, 2025. After representing several times before that no further extension requests would be necessary.

While we have all been waiting patiently, two weeks ago I made the CLGF aware of the fact (see my Feb. 10, 2025 e-mail below) that IVGID would likely **not** be filing its 2024 ACFR by the extended February 28, 2025 due date. And today I received written confirmation I was correct. On February 19, 2025 IVGID staff made a fourth extension request now to March 26, 2025 (a copy of that request is attached). Remember, these audited financials were required to be submitted to and approved by the IVGID Board no later than November 30, 2024.

IVGID staff's excuses are the same old, same old, same old. Many of us have seen movie. Many, many times before. "We're still providing documents to our auditor." More than a month ago "we filled the position of Finance Director." "Add'l time is necessary to make....adjustments;" that's right. Let's call them "adjustments." Our Audit Committee will be receiving the audit in February (even though no Audit Committee meeting has even been noticed and February has but four days to go). Please wake up and smell the coffee Committee members. These excuses are as unbelievable as "Chicken Little."

If the CLGF exists to protect the public, I ask members please do as NRS 354.624(1), 354.675(1), and NRS 318.515(1) instruct. That is, "cause the audit to be made at the expense of the local government;" "place...the local government...on fiscal watch;" and, notify the Washoe County Board of Commissioners to conduct public hearings as to the future of IVGID. Why? Because:

1. IVGID has lost its auditor, DavisFarr. I have been informed Davis Farr has prematurely terminated its five year auditing contract with the District because it has had it with our dysfunctional organization;

2. "The Department (has) determine(d) that one or more of the conditions identified in paragraphs (a) to (aa), inclusive, of subsection 2 of NRS 354.685 exist" [see NRS 354.675(1)]; Namely,

3. "Required financial reports have not been filed or are consistently late" [see NRS 354.685(2)(a)]. And it's not just 2023's and 2024's ACFR were late. I have learned that the District had to request an extension of time to file its 2020 audit, and a knowledgeable resident in our community has informed me this was also the case for 2021 and 2022 (Kelly Langley should be able to confirm if this was in fact the case). 3 out of the last 5 years? Or more bothersome, 5 years in a row;

4. IVGID suffers from "serious internal control problems noted in (previous) audit (and other) report(s) such as the Moss-Adams report a number in our community shared with the CLGF) which have not been corrected" [see NRS 354.685(2)(f)];

5. IVGID "has recognized sizeable losses as a result of the **imprudent investment of money**" [see NRS 354.685(2)(p)]. The District has lost many tens of millions of dollars over the last several decades operating commercial for profit recreation business enterprises which are marketed to the world's tourists. These losses have been **involuntarily** subsidized by local parcel owners, many of whom have zero interest in the District's business enterprises (such as: restaurants, retail sales, catering, wedding planning, a marketing department which costs in excess of \$1.25 million annually, purchase of billboard advertising on Highway 80, and payment of thousands of dollars annually in social media "clicks;" etc.);

6. IVGID "has allowed its accounting system and recording of transactions to deteriorate to such an extent that it is not possible to measure accurately the results of operations or to ascertain the financial position of the local government without a reconstruction of transactions" [see NRS 354.685(2)(q)]. Which explains why for the second consecutive year it will be unable to secure an auditor's opinion insofar as our financial statements are concerned (DavisFarr has announced it will be issuing a disclaimer of opinion instead);

7. IVGID "has loaned and borrowed money between funds without following the proper procedures" [see NRS 354.685(2)(s)]. I have provided the committee with two specific instances of these impermissible loans which are unlawful. And what has law enforcement done? What has this Committee?

8. IVGID "has expended money in violation of the provisions governing the expenditure of that money" [see NRS 354.685(2)(t)]. Don't members recall that for 2024 the District spent over \$1.4M than budgeted, and then staff attempted to cover their behinds by attempting to impermissibly augment the budget with funds on deposit? And what kind of overspending are we

talking about? A \$250K *de facto* severance payment to former GM Indra Winqest. A \$25K employee appreciation BBQ. Over \$350K for a forensic due diligence audit performed by RubinBrown. Now another \$250K severance payment to former GM (of only 6 weeks) Kent Walrack. And now a massive salary to current GM Robert Harrison of \$275K-\$295K annually plus massive benefits. **FOR THE EQUIVALENT OF NOTHING MORE THAN A MOSQUITO DISTRICT!** There are over approximately 80 GIDs in the State. How many do you think are paying their GMs anywhere near \$300K annually, just in salary? For GOD's sake, we're not a county. Nor a city. Nor an unincorporated town. We're a limited purpose special purpose district!

9. The District consistently violates NRS 354.613 by making impermissible transfers from its enterprise funds - impermissible in part inasmuch as it refuses to adopt a formal central services cost allocation plan in accordance with the requirements of NAC 354.8668. And in particular, for some number of years its chief financial officer(s) has/have refused to provide the attestation "that the (District's) central service cost allocation plan complies with the provisions of NAC 354.865 to 354.867, inclusive" as NAC 354.8668(8) **mandates**. Another violation of law I have brought to the attention of the CLGF several times, and it has chosen to do nothing;

10. Even though NRS 354.624(1) instructs that an audit shall include findings re compliance with laws and regulations, because staff and auditor FARR know IVGID's financials are **non**-compliant, these findings have been and are threatened to be omitted for 2024. Making any audit as non-compliant as one omitting an auditor's opinion (a disclaimer of opinion is equivalent to no opinion whatsoever) as to the District's financial statements.

What's the common denominator with respect to all of the above?

1. IVGID "is not being properly managed" [see NRS 318.515(1)(a)]. In fact, didn't Trustee Homan tell Mr. Foli "we need help?" And,

2. Board after Board "of the district is not complying with the provisions of...law" [see NRS 318.515(1)(b)].

And what is the consequence of these failures? Washoe County Board of Commissioners Notification by the Dep't of Taxation [see NRS 318.515(1)]. In addition to fiscal watch.

Mr. Foli thinks his job is to help the District. And I suspect many of you may have the same view. I disagree. You're not here to help local governments maneuver the intricacies of NRS 354. You're here to protect the public! The time has come for the CLGF to step in and protect the public. Which is what I and others I know are requestint the CLGF do. This Committee has given IVGID opportunity after opportunity after opportunity to get its financial act in order. And still it cannot! The time has come to place IVGID on fiscal watch, cause third party auditors to come in and properly report the District's financials by putting an end to its shenanigans, and notify Washoe County to conduct public hearings insofar as the future of IVGID is concerned.

Thank you for your patience in considering my statements, your understanding, and your hopeful assistance in protecting we the public.

Aaron Katz, Incline Village resident.

-----Original Message-----

From: <s4s@ix.netcom.com>

Sent: Feb 11, 2025 2:09 PM

To: <CSpurlock@tax.state.nv.us>

Subject: Fw: IVGID's 2024 Audit

Hello Ms. Spurlock -

This message was returned to me yesterday as undeliverable. I think to you. Because I think I had the wrong e-mail address.

If you didn't receive it and now you have, can you please acknowledge receipt?

Can you please acknowledge Ms. Langley in fact receive a copy?

And can you please acknowledge that either you/Ms. Langley have shared the below comments with all CLGF members?

Thank you for your cooperation. Aaron Katz

-----Forwarded Message-----

From: <s4s@ix.netcom.com>

Sent: Feb 10, 2025 3:26 PM

To: <klangley@tax.state.nv.us>

Cc: <Spurlock@tax.state.nv.us>

Subject: Fw: IVGID's 2024 Audit

Hello Kelly -

As you know I am a concerned Incline Village Resident.

And as you also know, the CLGF has set a continued deadline date of February 28, 2025 for the filing with the Dep't of IVGID's approved, audited financials for 2024.

Whether or not IVGID is able to meet this deadline date, I am concerned that whatever is submitted to the Dep't is going to be MISSING findings on compliance with statutes and regulations even those these findings are mandated according to NRS 354.624(1).

It is for this reason I have sent the e-mail below to IVGID's new GM (Mr. Harrison), new Finance Director (Ms. O'Connell) and auditor (Ms. Farr). And I want the CLGF to know that I have placed these persons on notice of the findings on compliance requirement because if it is missing from the audit filed with your Dep't, I will be asking you and the CLGF to NOT approve the same until those findings are included. And why, because I believe both IVGID staff and Ms. Farr are unwilling to make those findings because to do so will be untrue.

But I want the CLGF to know ahead of time. Today is only 18 days away from February 28, 2025. And so far, notice of an audit committee meeting to approve Ms. Farr's proposed audit hasn't even been noticed. So will you please share the contents of this e-mail with all CLGF members?

Thank you for your cooperation. Aaron Katz



-----Forwarded Message-----

From: <s4s@ix.netcom.com>

Sent: Feb 10, 2025 7:45 AM

To: O'Connell Jessica <joc@ivgid.org>

Cc: Harrison Robert <rwh@ivgid.org>, <jfarr@davisfarr.com> ,

Tonking Michaela <tonking\_trustee@ivgid.org>, Noble Dave

<noble\_trustee@ivgid.org>, Tulloch Ray

<tulloch\_trustee@ivgid.org>, Homan Mick

<homan\_trustee@ivgid.org>, Jezycki Michelle

<jezycki\_trustee@ivgid.org>

Subject: IVGID's 2024 Audit

Hello Ms. O'Connell -

As you may know I am a resident of Incline Village. I am also a local parcel owner which means I am directly affected, financially, by the financials you prepare for adoption by the IVGID Board, and present to our auditor DavisFarr.

In this capacity I reach out to you insofar as the District's 2024 Audit is concerned. Which even as of today has not been prepared for review by our Audit Committee, let alone our BOT. As you know this audit is well overdue. The Dep't of Taxation has given the District three extensions of time to comply with NRS 354.624(1), and a final drop dead date of February 28, 2025 has been declared.

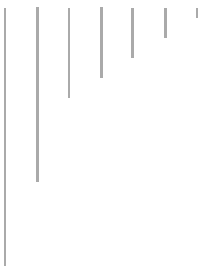
As you know, NRS 354.624(4) instructs that "each annual audit must...be...conducted in accordance with generally accepted auditing standards in the United States, including findings on compliance with statutes and regulations and an expression of opinion on the financial statements." I am concerned that the three of you (Robert Harrison and Jennifer Farr) are working on a proposed audit which I have reason to believe doesn't comply with these requirements. In particular, I have reason to believe your proposed audit will fail to "includ(e) findings on compliance with statutes and regulations." Thus I am writing to each of you ahead of time to ensure that whatever you prepare for approval by the IVGID BOT, and ultimately the Dep't of Taxation, complies with these requirements.

If you haven't determined what IVGID's Recreation ("RFF") and Beach ("BFF") Facility Fees really are Ms. O'Connell and Mr. Harrison, so you can render findings on compliance with statutes and regulations, I am putting both of you on notice that you had better do so. Ms. O'Connell is a licensed CPA in California. And Mr. Harrison claims to have more than 30 years experience in governmental finance reporting. I already put Ms. Farr on notice of this statutory requirement on October 31, 2024 which so far, she has chosen to ignore. Nonetheless, since all three of you have represented yourselves to be financial professionals, you know that GASB (GAAP for governmental financial reporting in the United States) classifies monetary exactions as the product of exchange or nonexchange transactions. Since the properties in Incline Village and Crystal Bay are forced to pay the BFF and/or RFF, and receive nothing of value in consideration of payment, it is my opinion they are the product of nonexchange transactions. Your predecessor Ms. O'Connell (Paul Navazio), as well as Ms. Farr herself, are both on record admitting the RFF/BFF are the product of nonexchange transactions. In fact, so is the District's former auditor, EideBailly. So with the foregoing in mind, I look forward to your findings Ms. O'Connell and Mr. Harrison insofar as the RFF/BFF are concerned. Because whatever they are, the District is required to include findings on their compliance with statutes and regulations. And that's what the public expects.

I already know Ms. Farr is going to take the position she's not responsible for including those findings in her audit because she disingenuously drafted an engagement letter which recited IVGID management rather than she was responsible therefore. But when you're a professional, you've been hired to render a professional opinion, you know the answer to the query, and you allow your client to impliedly make findings you know are untrue, you are just as responsible. And if you don't believe me Ms. Farr, go ahead and allow your client to make findings that the RFF/BFF are the product of exchange transactions and that those transactions are in compliance with statutes and regulations. Because if you do, we're going to have further discussions with the Dep't of Taxation and the Nevada State Board of Accountancy. And you too Ms. O'Connell. Because I've been informed you're licensed by the State of California if not Nevada. And I believe your responsibilities as a licensee do not allow you to make such findings when you know they're not true.

Thank you for your considerations, and the public looks forward to your proposed audit, if and when.

Respectfully, Aaron Katz



**MEMORANDUM**

**TO:** Audit Committee

**THROUGH:** Robert Harrison  
District General Manager

**FROM:** Jessica O'Connell  
Director of Finance

**SUBJECT:** Review, discuss and recommend an auditor for the 2024/2025 Fiscal Year District Audit

**DATE:** March 26, 2025

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DavisFarr has informed the District that they will not be our auditors for the upcoming fiscal year. The Audit Committee should discuss alternatives, and Staff will provide an update on their ability to find a new auditing firm. There is a Nevada Revised Statute that requires the District to designate its auditor no later than March 30, 2025.