

From:]
Cc: [Patricia Olmstead](#); CSpurlock@tax.state.nv.us; [Kelly S. Langley](#)
Subject: Re: IVGID Again - Continued Non-Compliance With Statutes/Regulations
Date: Monday, July 28, 2025 1:46:29 PM

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Please distribute to all committee members

The Fundamental Fraud

What Aaron Katz has identified as "theft" is actually much worse - it's a systematic bond fraud that has been operating since 1968. Here's what really happened:

The Timeline of Deception

1961-1968: The Setup

- IVGID issued 19 legitimate special assessment projects with proper special assessment districts
- By 1968, IVGID reached its **maximum legal limit** for special assessment bond capacity
- Faced with this legal barrier, IVGID chose fraud over compliance

1968: The First Major Fraud

- IVGID issued **special assessment bonds** without creating the required **special assessment district**
- CUSIP Global Services properly categorized these as "SPECIAL ASSESSMENT LIMITED TAX" bonds. CUSIP GS is the standards body for financial instrument identifiers.
- But IVGID never followed NRS requirements to establish the assessment district
- **This made the bonds legally invalid from inception**

1976: Doubling Down on Fraud

- Instead of fixing the 1968 violation, IVGID **refunded those illegal bonds in 1976**
- Issued **even more special assessment bonds** - again without proper assessment districts
- Continued the fraud while expanding the scope

The Legal Requirements IVGID Ignored

What NRS 318.235 Actually Requires

For any special assessment, Nevada law mandates specific procedures:

- Formal creation of a special assessment district
- Proper notice to affected property owners
- Public hearing process
- Resolution establishing the district boundaries
- Compliance with assessment calculation methods

What IVGID Did Instead

- Levied charges directly on parcels without creating assessment districts
- Misrepresented these charges as "fees" under NRS 318.197
- **Problem:** NRS 318.197 contains **no authority** for per-parcel or per-dwelling-unit charges
- Created a fake legal justification for what should have been properly assessed charges

The "Standby Service Fee" Scam

The False Justification

IVGID claims these charges are "standby service fees" for recreation facilities, but:

- **No legal authority** exists in NRS 318.197 for such fees
- Recreation facilities are **not utilities** requiring "standby" capacity
- Parcels have **no physical connection** to these facilities
- The "standby" concept doesn't apply to golf courses, ski resorts, or beaches

The Real Purpose

These fake "fees" actually service the **illegal special assessment bonds** issued without proper districts.

IVGID created a fake legal framework to continue collecting money for invalid bonds while avoiding the legal requirements that would have limited their ability to extract funds from property owners.

The Bottom Line

This is actually **systematic securities and assessment fraud** spanning over 50 years:

1. **1968-present:** Operating under invalid special assessment bonds
2. **1968-present:** Collecting fake "fees" without legal authority
3. **Recent years:** Using fraudulent budget practices to create slush funds
4. **2025:** Violating fiscal watch requirements and transparency laws

This isn't just mismanagement - it's a **criminal enterprise** disguised as a public utility, funded by invalid bonds and unauthorized assessments, operating in violation of Nevada law for over half a century.

You will all be famous - because this is the longest running fraud in US local government

history.

On Mon, Jul 28, 2025 at 1:13 PM <s4s@ix.netcom.com> wrote:

Hello Ms. Olmstead -

Please share the contents of this e-mail with Chair Leavitt and the Other Honorable Members of the CLGF.

Chair Leavitt -

As the CLGF knows I am a resident of and parcel owner in Incline Village. And since IVGID is on fiscal watch, one would be expecting the CLGF is "watching" to ensure the District is in compliance with statutes/regulations. But I guess such expectation is unwarranted. So I have to be the one.

As the CLG knows,

;

NRS 354.5945(1) instructs that "each local government shall annually prepare, on a form prescribed by the Department of Taxation for use by local governments, a capital improvement plan ('CIP') for the fiscal year ending on June 30 of that year and the ensuing 5 fiscal years."

NRS 354.6025 instructs that "each local government shall submit to the Department of Taxation, annually, an itemized report showing all its outstanding indebtedness."

NRS 354.5945(2)(a) instructs that such CIP shall be "submit(ed)...to the Department of Taxation...on or before August 1 of each year."

NRS 354.5945(3)(a) instructs that such CIP shall be "file(d)...in the offices of the clerk or secretary of the governing body...(as a) public record and (for) inspection by the public."

In the packet of materials ("Board packet") prepared by staff in anticipation of the BOT's upcoming meeting of July 30, 2025, an unelected staff member (Jessica O'Connell) reports (see

<https://ivgid.portal.civicclerk.com/event/581/files/attachment/3212>) she has submitted the plan and report identified above to the Department. The problems with this are at least twofold. First, she hasn't included copies of either in the Board packet for the Board and public to see. And second, neither has been presented to the BOT for approval, nor has either been approved by the BOT, prior to submission to the Department.

Such reports in prior years have been quite extensive, and always presented to the BOT for approval prior to submission to the Department of Taxation. But not now. And August 1 is nearly here,.

And notwithstanding the CIP must be made available for public inspection as a public record, this morning I made request to the Clerk of the BOT to inspect not only FY 2026's CIP, but FY 2021-2025's as well. So far my request has been ignored, and I fully expect it will be treated as a NRS 239.0107 request and examination delayed for some period of time beyond July 30, 2025.

So here the CLGF has evidence of two more NRS violations. At a time when the District is on fiscal watch.

And the consequence is exactly what?

And why should any of us care?

Because I believe they evidence theft. Which the Washoe County Sheriff and District Attorney refuse to investigate/prosecute.

What am I talking about?

1. As I and others have brought to the attention of the CLGF, IVGID's intentional overspending is covered by a special tax against property it disingenuously calls a fee. A standby service fee which has never been construed to apply to the availability of recreation facilities, let alone those neither fiscally connected nor available to be connected to those parcels which are involuntarily assessed.

2. The justification for this fee is the District's BOT's representation proceeds are needed to pay for the repair, renovation or replacement of facilities believed to be identified in the CIP referenced above.

3. But they're not needed because they're not used for the purposes represented.

4. Which at the end of the fiscal year, leaves appropriated monies unspent.

5. Which rather than being returned to the owners of those parcels who have been compelled to make payment, revert to the net positions of the enterprise funds to which they were assigned. Which in part explains how those net positions have been allowed to grow in size over the last number of years.

6. Then in the year or years which follow, the BOT will again budget for completion. And rather than applying the previous budgeted funds which local parcels have already paid, they will be appropriated again. Allowing the slush fund which has been created to be available to be used on the future unidentified, unbudgeted, and/or unappropriated pet projects of future BOTs.

7. And that's what we have for approval on July 30, 2025. A skateboard park and Burnt Cedar Beach reconstructed diesel storage tank.

Before you take IVGID off fiscal watch, because now they've finally been able to pass a FY 2024 ACFR and FY 2026 budget, and find an auditor for the 2025 ACFR, perhaps you should conduct an investigation insofar as the theft to which I refer?

Respectfully, Aaron Katz

From: s4s@ix.netcom.com
To: [Patricia Olmstead](#)
Cc: [Kelly S. Langley; Tax-Public Information Officer](#)
Subject: IVGID's 5 Year NRS 354.5945 CIP Report Due August 1, 2025
Date: Monday, August 25, 2025 12:18:03 PM

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

Hello Ms. Olmstead and Ms. Langley -

I am writing to the Dep't and the CLGF in particular, concerning IVGID's intentional misstatements included in its NRS 354.5945 CIP report recently filed with the Dep't. This is at a time when IVGID is under fiscal watch which means increased financial reporting to "include, without limitation...**other reports deemed necessary.**" And because of this watch, one would think that staff would ensure that everything the District does is squeaky clean. But of course it isn't. So members of the public are compelled to disclose to the Dep't the deceit and misrepresentations engrained in the District's financial reporting.

I ask these documents and this e-mail be shared now, and not sometime down the road, with the Executive Director as well as Chair Leavitt and the remaining members of the CLGF. In the hope the CLGF will take immediate action.

First of all, here are the District's FY 2026 Indebtedness Report (Form LGF-C001) [<https://ivgid.nextrequest.com/documents/48620790>] and Capital Improvement Plan (Form LGF-F011) [<https://ivgid.nextrequest.com/documents/48620791>] filed with the Dep't. Both were obtained in response to a public records request and are relevant to some of the allegations made below.

Next, my objections with these filings are as outlined below:

1. For each Fund the District maintains, it is required to identify the funding sources for the CIPs disclosed. At the bottom of the page of the form, the local government responding is given the following options: "Property Tax - Gen. Revenues Charges for Services Debt Grants Other (Please Describe)." So how did IVGID's Finance Director (Jessica O'Connell) describe the funding sources for the CIPs disclosed?

For the General Fund Ms. O'Connell listed "Property Tax - General Revenues." Given budgeted central services cost allocation transfers [see page 7 of schedule B-9 to the FY 2026 Budget on file with the Dep't] total nearly twice as much (\$4,050,000) as budgeted ad valorem tax revenues (\$2,267,486), why were **central services cost transfers** omitted as a material funding source? Was this entirely truthful and

transparent?

For the Community Services Fund Ms. O'Connell listed "Charges For Services." Given budgeted "facility fees" total nearly 23.7% as much (\$5,947,920) as budgeted "charges for services" (\$25,101,550) [see page 12 of schedule F-1 to the FY 2026 Budget on file with the Dep't], why were **facility fees (RFF)** omitted as a funding source? Was this entirely truthful and transparent?

For the Beach Fund Ms. O'Connell listed "Charges For Services." Given budgeted "facility fees" total more than 250% as much (\$5,110,310) as budgeted "charges for services" (\$2,043,270) [see page 14 of schedule F-1 to the FY 2026 Budget on file with the Dep't], why were **facility fees (BFF)** omitted as a funding source? Was this entirely truthful and transparent?

And why did Ms. O'Connell omit these funding sources? Because she does not want to draw attention to the fact the District is guilty of budgeting to massively overspend in its General, Community Services and Beach Funds. Which then require massive financial subsidies [disingenuously labeled central services costs and facility fees (both the RFF and BFF)] to deceive the Dep't into believing the District passes a balanced budget.

2. Let's start our examination with the District's General Fund. Central Services cost transfers from the District's enterprise funds have increased a unbelievable 305% in just three (3) short years. In FY 2023 the District reported \$1,331,154 of central services cost transfer revenue in its General Fund (although the deficiency between actual revenues and expenses totaled \$1,661,889, that difference was made up from excess fund balance). For FY 2026 it has budgeted for \$4,050,500 of such revenues. And why is this? Because expenses have increased by \$2,621,854, and the deficiency between budgeted revenues and expenses has now increased to \$4,041,022.

What increased expenses? \$2,642,699 assigned to personnel salaries and benefits (go to page 8, Schedule B-10 to the District's FY 2023 Budget. Add up estimated actual salaries and benefits and you get \$3,545,217. Now go to page 8, Schedule B-10 to the District's FY 2026 Budget. Add up the same budgeted salaries and benefits and you get \$6,187,916. Subtract these two numbers and you get a \$2,642,699 increase). Am I the only one who thinks the increase over three (3) short years is almost identical to the increase in central services cost transfers? And that's the real reason for increased transfers?

3. I have previously written the CLGF about the District's violation of NRS 354.613 inasmuch as it lives off transfers from its enterprise funds without a central services cost allocation plan, and in noncompliance with the regulations the CLGF expressly adopted at NAC 354.865-354.867. And here we have an example. The District's

central services cost transfers have **nothing** to do with the alleged reasonable and equitably priced central services its General Fund provides to the District's enterprise funds. It has everything to do with financing ever increasing overspending assigned to the District's General Fund. And that's why Ms. O'Connell has hidden the fact such a large percentage of General Fund revenue comes from central services cost transfers.

4. Let's move on to the District's Utility enterprise fund. For FY 2026 the District has budgeted to transfer \$1,610,400 of water and sewer rate revenues to the General Fund for its reasonable and equitably priced central services allegedly furnished. This represents nearly 40% of all alleged central services costs for a division which: employs less than 20% (53.12) of all District FTEs; has its own building; has its own business office with four (4) employees assigned to those functions; rarely hires new employees because they are so specialized; who are unionized; and, outsources its billing functions. With such minimal demands upon the District's General Fund for alleged central services, how come so much in alleged allocated central services costs? Because as Jesse James is attributing to stating, "that's where the money is." This is the exact ill former Assemblyperson Kirkpatrick complained of when testifying before the Assembly Government Affairs Committee in support of what became NRS 354.613. You can't unreasonably raise fees for the services you provide to create a funding source to pay for general government.

5. Let's move on to the District's Community Services enterprise fund. For FY 2026 the District has budgeted to transfer \$2,221,200 of revenues. But not from the the charges for services Ms. O'Connell represents. Because the District budgets to overspend in this fund as well. And over 19% of all Community Services Fund revenues to come from the RFF! And when one budgets to overspend, essentially every expenditure contributes to that overspending (i.e., there can be no expense "cherry picking"), meaning in essence the \$2,221,200 of transfers come from the RFF. And why so much [this represents nearly 55% of all alleged central services costs for a division which employs 67.3% (182.52) of all District FTEs]? Because that's where the money is. And why has Ms. O'Connell hidden this source of revenue for CIPs assigned to the Community Services Fund? Because she doesn't want the Dep't to understand overspending is financed from a creative revenue source not in compliance with the NRS, and unlike essentially every other local government in the State.

6. Let's move on to the District's Beach enterprise fund. For FY 2026 the District has budgeted to transfer \$218,900 of revenues. But not from the the charges for services Ms. O'Connell represents. Because the District budgets to overspend in this fund. And over 71-1/2% of all Beach Fund revenues to come from the BFF! Meaning that in essence all of the Beach Funds transfers come from the BFF. And why so much [even though this represents over 5.4% of all alleged central services costs for a division which employs less than 2.6% (7.02) of all District FTEs]? Because again, that's where the money is. And why has Ms. O'Connell hidden this source of revenues for CIPs assigned to the Beach Fund? Because she doesn't want the Dep't to understand overspending is financed from a creative revenue source not in compliance with the NRS, and unlike essentially every other local government in the

State.

7. So as the Dep't can see, little of the revenues the District realizes from the sale of recreation user fees pay for the intentional overspending the District assigns to all of its major funds.

8. The District will tell the Dep't its RFF/BFF represent legitimate fees in compliance with NRS 318.197(1). This is not true. The District will tell the Dep't the RFF/BFF are standby services charges for the mere availability to use its recreation facilities. But if the Dep't investigates exactly what constitutes a standby service charge, it will learn it neither represents the RFF/BFF. Making them special taxes against property not in compliance with the NRS. Which explains why Ms. O'Connell has misrepresented the sources of revenue on her CIP reports. The Dep't should be investigating whether/not IVGID's representations are true.

9. Note that Ms. O'Connell has signed both her NRS 354.5945(1) and NRS 354.6025(1) reports. **Why** given neither NRS mandates her signature?

10. In contrast, where is the central services cost allocation plan the IVGID BOT allegedly approved for FY 2026 which is in compliance with law and regulations? IVGID policy mandates the plan be filed with the Dep't. Yet the Dep't has failed to produce records evidencing the District's actual filing. If the District were compelled to come up with a Plan now, the Dep't would learn Ms. O'Connell has refused to sign the same. Even though NAC 354.8668(8) mandates attestation of the Plan expressly be signed the local government's chief financial officer. Why sign two documents where no signature is required, and not sign another where a signature is expressly required?.

11. And how come neither the NRS 354.5945(1) nor NRS 354.6025(1) report was reviewed and approved by the IVGID BOT prior to its submittal to the Dep't? Yet the District's FY 2026 central services cost allocation plan allegedly was approved?

Bottom line, IVGID continues to hide the truth about its financial reporting from the Dep't. And of course, the public which ends up paying for it. Not being an example of "other reports deemed necessary," the CLGF should put down it's foot and compel the District to be open and honest.

Thank you for your cooperation. Aaron Katz

From: s4s@ix.netcom.com
To: [Patricia Olmstead](#)
Cc: [Kelly S. Langley; Tax-Public Information Officer](#)
Subject: Can You Believe IVGID Has Admitted That For The Fourth Consecutive Year it Has Violated NRS 354.6118/NAC 354.290 Which is Criminal Via NRS 354.626(1) - While on Fiscal Watch No Less!
Date: Thursday, August 28, 2025 10:30:42 AM

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Hello Ms. Olmstead and Ms. Langley -

I am writing to the Dep't and the CLGF in particular, concerning IVGID overspending (in FY 2025) resulting in impermissible interfund loans **for at least the fourth consecutive year!** While on fiscal watch no less. And because of this watch, one would think staff would ensure that everything the District does is squeaky clean. But of course it isn't. So members of the public are compelled to disclose to the Dep't the wrongdoing engrained in the District's financial reporting.

I ask these documents and this e-mail be shared now, and not sometime down the road, with Executive Director Hughes as well as Chair Leavitt and the remaining members of the CLGF. In the hope the CLGF will take immediate action.

I've previously written to the Committee concerning IVGID's spending of moneys in excess of appropriations in its Internal Services Fund ("ISF"). And how these expenditures have been treated as interfund loans by the District's auditor. Interfund loans not in compliance with NRS 354.6118/NAC 354.290 which are criminal under NRS 354.626(1).

The first episode I am aware of took place in FY 2022. If the CLG examines pages 20 and 24 of IVGID's ACFR on file with the Department, it will see where the District admits its ISF received a \$192,287 loan from the General Fund to cover excess expenditures over appropriations.

For FY 2023, pages 19 and 23 of IVGID's ACFR on file with the Department reveal where the District admits its ISF received another \$585,843 loan from the General Fund to cover excess expenditures over appropriations. What Note 8 expressly describes as "short-term borrowing."

For FY 2024, pages 13 and 17 of IVGID's ACFR on file with the Department reveal where the District admits its ISF received another \$166,344 loan from the General

Fund to cover excess expenditures over appropriations. What Note 8 expressly describes as "short-term borrowing."

Under Note 1(F) in all of these ACFRs, we are told that "District Funds share bank accounts for operations, payroll and reimbursements... The combined pooled balances (in the District's single operations account) are (allegedly) monitored to assure no fund makes temporary loans to another, within the context of Nevada Revised Statute 354.6118."

Well apparently not so. For FY 2024, on pages 53-54 of the ACFR, the District's auditor finally calls out Internal Services Fund Deficits. There she reported that as of "June 30, 2024, the internal service fund ha(d) a deficit net position of \$304,751. And she "recommend(ed) management and the Board of Trustees develop a plan to make the internal service funds whole for past" intentional overspending. And how did management respond?

"Deficit Recovery Plan: A recovery plan is being developed to address the accumulated deficit." And,

"Future Monitoring and Adjustments: Going forward, internal service fund charges will be regularly reviewed and adjusted, as necessary, during the budget process to ensure that rates are sufficient to fully recover the cost of services provided. Management is committed to maintaining the financial health of the internal service fund and ensuring equitable cost recovery across all benefiting funds."

Really?

Until the IVGID BOT's August 27, 2025 meeting, staff was intentionally deficient in its financial reporting for FY 2025. However in a status report [pages 10-12 of the packet of materials prepared in anticipation of that meeting (<https://ivgid.portal.civicclerk.com/event/583/overview>)], the District's Finance Director revealed that the same ISF overspending beyond appropriations "is anticipated in FY25."

Meanwhile, on July 28, 2025 budget analyst Kellie Grahmann sent IVGID a letter (go to <https://ivgid.portal.civicclerk.com/event/583/files/attachment/3225>) wherein "the Department request(ed)...a letter of corrective action be submitted...advis(ing)...what action has been taken to prevent recurrence of (the nearly \$800K of)...excess expenditures over appropriations" reflected in the body of that letter. And the District's Finance Director proposed the following plan:

"2. Ongoing Monitoring – The District will maintain timely cash and expenditure processing, coupled with close monitoring of budget-to-actual activity, to ensure appropriations remain within adopted limits." And,

"3. Budget Augmentations – When necessary, IVGID will prepare and submit timely budget augmentations in accordance with Nevada Revised Statutes (NRS) to maintain compliance."

Ms. O'Connell proposed a letter which will be transmitted to the Department wherein she admits "that (allegedly) due to last-minute budget reductions imposed by the predecessor Board of Trustees, a similar challenge (intentional overspending exceeding appropriations) is anticipated in FY25." How much overspending? According to pages 244-45, another \$450,495!

When I shared this fact with the IVGID BOT at its meeting on August 27, 2025 I was pooh-poohed by Trustee Homan. He stated the financial schedules appearing in the Board packet were only preliminary numbers and would not reflect actual ISF overspending when the FY 2025 ACFR were completed (which BTW, the District has now announced **won't be completed by the statutory due date**). I take issue for at least two reasons.

First, if these figures aren't someone accurate, then why share them with the public? And second, doesn't this response mean that when all is said and done overspending may very well exceed \$450,495?

Over the last four (4) years, these repeated violations of NRS 354.6118, NAC 354.290 and NRS 354.626(1) haven't been inadvertant, isolated, or excusable. And Ms. O'Connells current Plan of Correction is nothing more than the same old, same old rehash set forth in the FY 2024 ACFR.

And I repeat. At a time when the District is under fiscal watch!

There are two simple fixes to this problem I have shared with the BOT and it refuses to directed be implemented.

1 Given the District maintains a single operating account for all its funds, there's always money on deposit the ISF can access. Give each fund its own operating account, and then the public won't have to worry about overspending like this.

2. Implement strong internal control. Obviously, there has been a lack of internal control for at least the last 4 years.

Finally, this returns us to 2 remedies available to the CLGF:

First, NRS 318.515(1) which instructs that "upon notification **by the Department of Taxation** or upon receipt of a petition signed by 20 percent of the qualified electors of the district, that: (a) a district of which the board of county commissioners is not the board of trustees is not being properly managed; or, (b) the board of trustees of the district is not complying with the provisions of this chapter or with any other law...the board of county commissioners of the county in which the district is located **shall 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."

Given the Legislature contemplated that the Department of Taxation has jurisdiction to make this type of referral, what more exactly is required before the Department notifies Washoe County?

And second, NRS 354.626(1) which makes it unlawful for any "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." What more does it take for a criminal referral to the Office of Attorney General? Doesn't the Department have a Deputy AG assigned?

Thank you, Aaron Katz

From: s4s@ix.netcom.com
To: [Patricia Olmstead](#)
Cc: [Kelly S. Langley](#)
Subject: IVGID - The CLGF's Upcoming September 18, 2025 Meeting
Date: Wednesday, September 3, 2025 11:33:54 AM

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

Hello Ms. Olmstead and Langley -

I see the CLGF's August 25, 2025 meeting has been continued to September 18, 2025 (even though the Department has not provided me with notice).

And I see that one of the agenda items [item 3(a)] under which the Committee can undertake "any other actions deemed necessary by the Committee pursuant to NRS Chapter 354."

Let's talk about what any of those other actions pursuant to NRS 354 may consist of.

1. The Committee has been provided with evidence of IVGID's expenditure of moneys in excess of appropriations assigned to its Internal Services Fund ("ISF") for the last four fiscal years (2022-2025). In other words, it's not just FY 2024. Given there is no net position in the ISF, the only way these expenditures could have been accomplished was via "short term borrowing" from the District's General Fund (take a look at note 8 to the ACFR - page 32 of the Committee packet of materials). Borrowing which according to the District's FY 2023-24 ACFRs, and the FY 2025 spreadsheet of actual compared to budgeted expenditures I provided to the Committee, has never been repaid.

2. I have provided the Committee with evidence that **none** of this borrowing has been accomplished in accordance with NRS 354.6118 and NAC 354.290.

3. And that NRS 354.626(1) makes expenditures such as these in excess of appropriations unlawful.

4. And notwithstanding all of this, budget analyst Kellie Grahmann has sent the District's Finance Director a letter (see page 83 of the Committee packet of materials) requiring a plan of correction to include what action has been taken to correct the FY 2024 violations of law recited therein. Rather than a criminal referral to the Office of Attorney General ("OAG"). For the previous FY 2022-23 violations of law, and what

seems to be similar FY 2025 violations of law.

5. All of this is a prelude to NRS 354.685(1) which instructs that "The Committee may, upon the recommendation of the Executive Director pursuant to subsection 2 or at the request of a local government pursuant to subsection 3, conduct one or more hearings to determine whether a severe financial emergency exists in a local government."

Pursuant to subsection 2 "the Executive Director may, after giving consideration to the severity of each condition identified in paragraphs (a) to (aa), inclusive, which is found to exist in a local government, recommend that the Committee conduct one or more hearings to determine whether a severe financial emergency exists in a local government **if the Department finds that one or more of the following conditions exist in the local government:** (a) Required financial reports have not been filed or are consistently late. (b) The audit report reflects the unlawful expenditure of money in excess of the amount appropriated in violation of the provisions of NRS 354.626."

6. Given both of these conditions exist (augmented by staff's announcement the District won't be able to present its FY 2025 audit to the Department of Taxation in a timely manner), I again ask the Executive Director recommend to the Committee as "another action deemed necessary by the Committee pursuant to NRS Chapter 354" that it conduct one or more hearings pursuant to NRS 354.685(1) to determine whether a severe financial emergency exists in Incline Village/Crystal Bay.

7. And I ask the Department do what I think Kellie Grahmann should have done - refer these matters to the OAG for criminal investigation and possible prosecution.

I ask this e-mail request be shared **now** rather than later with Executive Director Hughes as well as Committee chair Leavitt and all other members of the Committee. In anticipation of the September 18, 2025 meeting. And that I be provided with written acknowledgment that this e-mail has been so shared as requested.

Thank you for your cooperation. Aaron Katz