

Incline Village General Improvement District

Audit Committee

893 Southwood Blvd, Incline Village, NV

Attn: Chair Chris Nolet

Date: June 29, 2023

Subject: District Fixed Asset List – Lack of Internal Controls over Land Assets

Land has not been properly recorded as a Fixed Asset by the District. The [parcels on the District Fixed Asset List \(source: public records request\)](#) (page 4) do not match [the Washoe County assessor list, which shows IVGID owns 151 parcels](#) (pages 5 & 6). Of the items on the FA List, only 14 match the parcel number on the current Washoe County assessor list: **an inaccuracy rate of 90%**. No acreage was listed for each parcel.

From the sequential number assigned to the parcels, it is clear the FA list was compiled decades after IVGID was formed. All parcels on the FA List have a status of “is use” but it is likely some parcels were subdivided and sold; the parcel number of the FA List is not found on the assessor file.

The list does not reference several parcels that the District either gave away or sold. Specific known instances of parcels being sold or given away:

1) On February 11, 1971, IVGID General Manager White reported, “the sale and the lease to Ponderosa Ranch [William Anderson] were all but finalized.” (source: Board Minutes). The property was about 585 acres, as reported in the July 9, 1970 Board minutes, when the Board authorized a survey for \$8,000. These parcel was not included on the Fixed Asset List. [Likely parcels: 130-010-09 349 acres, 13-010-13 125 acres and other parcels]. This property was sold by Anderson to David Duffield (Ponderosa Ranch LLC).

2) In 1980, IVGID transferred 6 acres to Washoe County School District for the Incline Middle School. There are questions about whether WCSD actually obtained good title. WCSD cannot prove they actually paid \$284,600 and the whether the IVGID Board authorized the sale is questionable. See <https://ourivcbvoice.com/wcsd-close-middle-school-and-sell-property/>

3) In 1982, IVGID made a gift of a 2 acre parcel at 965 Mt Rose Hwy to the North Lake Tahoe Fire Protection District. NLTFPD built Fire station #2 on the property.

4) In 2013, Washoe County deeded to IVGID 87 parcels forfeited due to back taxes. None of the parcel numbers were entered on the FA List. A majority of these parcels were unbuildable, but had valuable recreation rights. The 3 parcels that former Director of Finance sold without Board authorization were not on the FA list. The parcel purchased in 2008 in the Incline Lake area was entered, but no parcel number was entered (048-140-03).

Some of the parcels that are invalid were likely subdivided and sold. There may be other parcels that were owned and sold that were never entered on the FA List. The value of these parcels (in red, with no acreage listed), was \$2,095,354.79. These assets were imported into Innoprise financial system; the FA list is a subledger and has invalid data that should be corrected.

Prior to 1991, the Washoe County assessor list does not contain accurate recorder details for properties transferred, so historical data must be cross-checked with other sources.

References: FA List (all assets) public records request: http://ourivcbvoice.com/wp-content/uploads/2023/06/Fixed_Asset_Listing_as_of_6.30.19_All_Assets.pdf

Map of District currently owned parcels:

https://www.google.com/maps/d/viewer?mid=1BfCk4vkH_OAieRala9T6FVpLxP8cMY8L&ll=39.25369940531324,-119.97439590070479&z=17

Assessor data for download: <https://explore-washoe.opendata.arcgis.com/datasets/washoe::parcels/explore>

The current Fixed Asset List was likely created decades after the District was created; perhaps for the conversion to the Innoprise Financial system.

Other land items on FA List

The Tahoe Regional Planning Agency (TRPA), regulates land use in the Tahoe basin. Land coverage rights have value, but have not been recorded in the FA list. Through examination of past Board minutes, it is clear IVGID has sold land coverage rights.

Some water rights have been recorded on the FA list in the land category. No examination of water rights was performed, so it is unclear if all rights have been recorded properly.

Some easements have been recorded on the FA list in the land category. No examination of easements was performed, but the number appears far lower than the actual number of easements based on accounts payable transactions of recording easements 2015-2022. It is doubtful that all easements have been recorded properly.

Conclusion: 1. The General Ledger account for land is likely incorrect. The FA list is a subledger and should, in theory, tie to the general ledger for the accounts specified. The FA List subledger total "COST" for 36 items (including invalid parcel numbers is \$6,064,544.79. The total land assessment value of the 151 parcels owned by IVGID per Washoe County assessor records is \$29,071,531.00. Washoe County does not have accurate historical figures related to cost. There may be other costs that should be included in land, such as water rights – or perhaps these should be a separate GL account.

2. The FA List is not functioning as a control. Parcels have been sold in the past without authorization. Although Nevada law was changed to specifically require certain procedures for sale of public land, the law has no penalties. And since there are no enforcement mechanisms under Nevada law for such violations, even the updated law has little deterrent effect.

Your attention in addressing these deficiency in internal controls is appreciated.

Respectfully,

J. Gumz

Parcels sold details

Director of Finance Gerald Eick sold 3 parcels for which Washoe County has transferred ownership to IVGID. These parcels were included in 87 parcels that were transferred in 2013 under the condition that the parcels remain open space. Instead, Eick spent \$11,874 in district funds to obtain an appraisal for 9 of the lots which were placed in the General Fund (source: 2017 District financial statement notes). The appraisal cost was entered as a line item 11049 to be depreciated straight line – even though the lots acquired from Washoe County were never entered as individual items in the FA List. The other parcels were placed in the Community Services Fund. Three parcels (shown below) from the Community Services Fund were sold without public knowledge and without Board approval to private parties known to EICK. EICK signed the deed of sale documents even though he was not the legal owner. District Clerk SUSAN HERRON notarized the real estate sales documents. The parcels were sold without an appraisal to the buyers.

Date	Buyer	Parcel ID	Purchase Price	Acres	Address
2015-12-10	JDG Trust (James Robert Gately)	126-294-18	\$19,000	0.01 acres	400 Fairview Blvd
2014-07-18	Randolph-Wall Living Trust	126-294-29	\$14,095	0.01 acres	400 Fairview Blvd
2014-03-03	Sabin Living Trust (Jonathan Robert Sabin)	126-294-28	\$14,095	0.01 acres	400 Fairview Blvd
1982-04-18	North Lake Tahoe Fire Protection District	125-030-14	\$0. GIFT DEED	87,120 SqFt	965 Mt Rose Highway
1980-02-01	Washoe County School District	127-030-16	?	261,490.68 SqFt	931 Southwood Blvd
1971-02-01	William Anderson (Ponderosa Ranch Inc, Ponderosa Ranch Stables and other companies)	multiple parcels	unknown	585 acres	Ponderosa Ranch Rd
1964-01-02	North Lake Tahoe Fire Protection District	132-223-07		20558 SqFt	863 Tanager St
unknown	North Lake Tahoe Fire Protection District	132-223-14		37,284 SqFt	875 TANAGER ST