

## MEMORANDUM

**TO:** Audit Committee

**FROM:** Paul Navazio  
Director of Finance

**SUBJECT:** Review and Discussion of Recognition of Revenue for Accounting and Financial Reporting Purposes

**DATE:** June 16, 2022

---

### **I. RECOMMENDATION**

That the Audit Committee review, discuss and comment on current practice for recording District program revenues for accounting and financial reporting purposes.

### **II. BACKGROUND**

The agenda item has been prepared to provide the Audit Committee with an overview of what the current practice is accounting for and reporting of District revenues across venues, programs and activities.

The Audit Committee may wish to comment on the accounting treatment related to specific transactions, to include recording of Diamond Peak Season Passes, Golf Play Passes, Punch Cards, etc.

Management is seeking input from the Audit Committee in an effort to promote consistency in reporting of program revenues across District activities.

Attachment:  
IVGID Program Revenue Recognition Matrix

**IVGID PROGRAM REVENUE RECOGNITION MATRIX**

	Golf	Facilities	Ski	Recreation Center	Tennis	Parks	Beaches
<b>Facility Fees</b>	<p>Annual Recreation and Beach Facility Fees established by the Board through the annual budget process; the Fees are billed separately and collected via the Washoe County Property Tax bill. Revenues are collected and transmitted quarterly and recorded in the month of receipt from Washoe County Treasurer's Office.</p> <p>Upon receipt, each quarter, the Recreation Facility Fee is allocated to each Community Services sub-fund in proportion to the allocation established by the Board through the annual budget process.</p>						
							<p>The Beach Facility revenues are recorded upon receipt, each quarter, as program revenue within the Beach Fund.</p>
<b>Punch Cards</b>	<p>Punch Cards are recognized as a "form of payment" in various Point-of-Sale (POS) systems used by the District. Generally, a Punch Card can be used to either access a "Guest Rate" or buy-down the Non-Picture Pass Holder Rate to a Picture Pass Holder rate.</p>						
Original Issue	<p>Original issue Punch Cards are paid for via the Facility Fees assessed on parcel owners within the District. Therefore, when an Original issue Punch Card is used at a District Venue, any revenue recorded in the originating POS system is "backed-out" via a contra-revenue entry.</p>						
Additional / Purchased	<p>Parcel owners may purchase a limited number of additional "limited-access" Punch Cards. Each Punch Card is priced equal to 1/5 of the applicable total Facility Fee paid by the parcel owner. When purchased, the amounts paid are recorded as a DEFERRED REVENUE. Revenue is recognized when these Punch Cards are utilized, and recorded as Charges for Services at that venue. Any unused value from these "additional" Punch Cards at the end of the year (May 31st) is recorded as "earned" at fiscal year-end.</p>						
<b>Charges for Services</b>							
Daily Use	<p>Fees paid for daily use of District venues is recorded as earned revenue in the period when the transaction occurred.</p>						
Play Passes / Season Passes	<p>Revenue from Golf Play Pass sales are recorded as DEFERRED revenues when purchased. Revenues are recognized as "earned" when applied to round of golf played by Play Pass-holder. For All-You-Can-Play passes, 1/40th of the value of the pass is recognized for each round played. Any unused value of a play-pass is recognized as "earned" at the end of the golf season (November/December)</p>		<p>Diamond Peak Season Passes sold prior to start of each new ski season are recorded as Deferred Revenue and recognized as "earned" on December 1st.</p>				
Memberships					<p>Revenues from Recreation Center and Tennis/Pickleball Club memberships are recorded as "earned" when membership is sold.</p>		

**IVGID PROGRAM REVENUE RECOGNITION MATRIX**

	Golf	Facilities	Ski	Recreation Center	Tennis	Parks	Beaches
Lessons	When lessons are booked in advance, the revenue is generally deferred and recognized at the time the service is provided.						
	X		X	X	X		X
Camps				Revenue for participation in Camps is deferred and recognized as revenues when the Camp takes place (service is provided).			
Facility Rentals / Events	Deposits received for Facility rentals and Special Events are recorded as deferred revenues. Revenues are recognized as "earned" in the accounting period of the event.						
Tournaments	Fees collected for tournaments are generally deferred and recognized in the period when the events are held.			Fees collected for tournaments are generally deferred and recognized in the period when the events are held.			
Food & Beverage							Concession revenues for Beach Food and Beverages are recorded when quarterly payments received.
	X	X	X				
Merchandise							
	X		X	X	X		
<b>UTILITIES</b>							
<b>Utility Charges for Services</b>							
Base Charge (Fixed)	Charges for Services for water and sewer service are recorded in the period in which charges are billed. Note: in the past, the District would "defer" the June billing for the fixed "base" rate (Admin and Capital Charge) until July based on the notion that the fixed charges are billed "in advance." This practice has been discontinued, in consultation with the auditor, based on the revenue recognition principle that the District records 12 months of fixed charges in each fiscal year, and that deferral of the June billing to the following July (across fiscal years) is not necessary.						
Consumption Charge	Charges for water and sewer services are recorded in the period in which the charges are billed.						