

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra S. Winquest
District General Manager

FROM: Paul Navazio
Director of Finance

SUBJECT: Review, discuss and possibly authorize funds from the Fiscal Year 2020/2021 existing General Fund budget (up to \$50,000) and authorize the District General Manager to execute contract(s) for the purposes of executing one or more professional services contract(s) to review selected District policies

DATE: March 4, 2021

I. RECOMMENDATION

Staff recommends that the Board of Trustees authorize up to \$50,000 in existing FY2020/2021 General Fund appropriations to support one or more professional service consultant contracts to assist in updating selected District policies, practices and procedures.

II. BACKGROUND

The Board and General Manager have identified the need to update Board policies, procedures and practices as a priority initiative. Specific policies have been identified by Board Trustees, third-party review of District policies and practices, management's review of internal controls and, most recently, during recent Board budget workshops.

Staff has initiated a review of Board policies and practices, as well as internal Accounting and Financial Procedures that have a direct impact in the development of the FY2021/2022 budget, including update to the District's Five-Year Capital Improvement Plan. This review includes areas identified as part of the January 21st Budget Workshop as well as recently-concluded third-party review of selected accounting and financial reporting practices.

As part of Staff's review it is acknowledged that assistance from outside consultants will be helpful in ensuring that any updates proposed to Board policies,

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practices and/or internal procedures incorporated best practices within each topic area.

While it is anticipated that individual scope(s) of work to assist the District in updating policies, practices and procedures will likely result in contracts that could be executed within the District General Manager's spending authority (i.e. under \$50,000), Board Policy 3.1.0 requires that any un-budgeted expenditure must be approved by the Board of Trustees.

The purpose of this agenda item is to request Board authorization to re-allocate up to \$50,000 in existing General Fund budgeted appropriations for the purpose of engaging outside assistance in reviewing policies, practices and procedures. While each individual contract may ultimately not require formal Board approval, it is Staff's intent to inform the Board of the status of any engagement to be pursued within the requested budget authority.

III. DISCUSSION

At this time, Staff recommends that any outside engagement be focused on selected policy areas where outside assistance is most helpful, as well as prioritize those areas where existing policies and practices have a direct impact on the development of the FY2021/2022 budget.

By pursuing outside assistance through engagements with a specific scope of services, the District is able to prioritize areas for review, by topic area, and expedite returning to the Board with any proposed or recommended changes to specific policies, practices and procedures. This approach also provides the District with the flexibility to identify areas that warrant more in-depth review and consultant assistance (i.e. identifying gaps in existing policy, review of best practices, and drafting of new policies and procedures) versus utilizing outside consultants to provide peer review recommended updates proposed by Board members or management.

Specific recommendations for immediate next steps:

- Policy 6.1.0 Adoption of Financial Practices
Staff Lead with Board of Trustees input (6.1.2.1 -Revenues/ Pricing Policies)
Cost estimate: N/A

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- Policy 7.1.0/Practice 7.2.0 – Fund Balances / Working Capital
Solicit assistance from Government Finance Officers' Association (GFOA); Incorporate input from on-going Raffetis review regarding Utility operations
Cost estimate: less than \$10,000
- Policies 8.1.0, 12.1.0, 13.1.0 and related practices – Capital Planning, Capital Budgeting and Capitalization Thresholds:
Solicit Assistance from Moss Adams, LLP to provide “best practices”, identify areas for revision and propose updated policy language.
Cost estimate: less than \$20,000
- Policies 18.1.0,. Practice 18.2.0 – Central Services Cost Allocation
Staff Lead with assistance from District's new Independent Auditor
Cost Estimate: N/A

IV. FISCAL ANALYSIS

The estimated cost to engage outside consultants with a review of District policies, procedures and practices to inform development of the FY2021/2022 budget is expected to in the range of \$20,000 - \$40,000. Funding to support this effort has been identified from savings anticipated in the current (FY2020/2021) approved General Fund budget.

To date, two contracts were executed related to third-party review of the District's Contract Management practices as well as selected Accounting and Financial Reporting Practices. These contracts have exhausted funding previously approved by the Board of Trustees and thus staff is recommending that the Board authorize additional budget authority of up to \$50,000 for follow-up work in specified areas.

Staff is developing a recommendation for Board consideration in conjunction with the FY2021/2022 budget for a funding allocation to support ongoing work in the new fiscal year.

V. COMMENTS

To support the overall effort to review and update Board Policies and Practices related to Budget and Fiscal Management, it is recommended that a Board liaison be assigned to work with Staff to ensure that the process to review and update selected policies and procedures is prioritized and appropriate Board agenda items are brought back to the Board for review and approval in order to inform the FY2021/2022 budget process.



Conduct Meetings of the Board of Trustees

Policy 3.1.0

POLICY. The Board of Trustees will establish the time and place of the regular meeting of the Board of Trustees of the Incline Village General Improvement District and provide the manner in which special meetings of said District may be called, designating the meeting location, and establishing the order of business and rules for its proceedings for the Incline Village General Improvement District, Washoe County, State of Nevada

Notice and conduct of all meetings shall conform with the provisions in Nevada Revised Statutes (NRS) 241.020 and NRS 281A (Ethics In Government). Meeting minutes and transcripts of meeting will be in compliance with NRS 241.035.

- 0.1 Regular Meetings.** The regular meeting times and location shall be set by the Board of Trustees.
- 0.2 Special Meetings.** Special meetings of the Board of Trustees shall be held upon call of the Chair of the Board or at least two of the Trustees.
- 0.3 Meeting Place.** All Board of Trustees meetings shall be held within the District.
- 0.4 Item(s) of Business/Agenda Preparation.** The Board Chair, in cooperation with the General Manager, is responsible for preparing the agenda and supporting materials for each meeting. The Chair, in cooperation with the General Manager, will place on the Agenda any item requested by a fellow Trustee. If a person or party, including the general public, wishes to have a matter considered by the Board, a written request should be submitted to the General Manager, in advance of the meeting, allowing enough time for staff research. The amount of advance time required will be determined by the General Manager, based upon Board Policy, administrative procedure, and the facts in each instance. Unless directed otherwise by the Board, the Chair and the General Manager may delay consideration of an item, based upon the length of an agenda, need for coordination with other agenda items, meeting efficiency, or other considerations.



Conduct Meetings of the Board of Trustees Policy 3.1.0

No matter shall be heard or acted upon without all relevant materials. Public comment may be scheduled for individual agenda items in addition to the initial and closing public comment period at the discretion of the Chair. Unless otherwise determined, the time limit shall be three (3) minutes for each person wishing to make a public comment. Unless otherwise permitted by the Chair, no person shall be allowed to speak more than once on any single agenda item.

The item(s) of business at the regular meetings of said Board may include, but are not limited to:

- Pledge of Allegiance
- Roll call of Trustees
- Initial Public Comment – not to include comments on General Business items with scheduled public comment
- Approval of Agenda
- Public Hearings (if any)
- District Staff Update (if any) – once a month the General Manager is to provide a formal written report outlining the contracts/expenditures s/he approved with proper spending authority (under \$50,000)
- Review of the long range calendar
- Legal Counsel Update (if any)
- Reports to the Board – Reports are intended to inform the Board and/or the public
 - Audit Committee (if appropriate)
 - Treasurers Report (if any)
 - Payment of Bills – For District payments exceeding \$10,000 or any item of capital expenditure, in the aggregate in any one transaction, a summary of payments made shall be presented to the Board at a public meeting for review. The Board hereby authorizes payment of any and all obligations aggregating less than \$10,000 provided they are budgeted and the expenditure is approved according to District signing authority policy.
- Consent Calendar (if any)



Conduct Meetings of the Board of Trustees Policy 3.1.0

- In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to budget, user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar". A memorandum containing all relevant information will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section.
- Any member of the Board may request the removal of a particular item from the consent calendar and that the matter shall be removed and addressed in the General Business section of the meeting.
- A unanimous affirmative vote shall be recorded as a favorable motion and approval of each individual item included on the Consent Calendar.
- General Business
- Approval of minutes
- Reports
 - Reports are intended to inform the Board and/or the public.
- Final Public Comment
- Adjournment

0.5 Rules of Proceedings.

- a. Public Meetings. All meetings of the Board shall be in accordance with NRS 241, the Nevada Open Meeting Law.
- b. Quorum. A majority of the Board of Trustees present in person or by remote communication shall constitute a quorum for the transaction of business. In no event shall any matter be approved without the affirmative vote of three trustees.
- c. Method of Action. The Board of Trustees shall act only by motion which, to become effective, shall be adopted by the affirmative vote of at least a majority of its members, which is



Conduct Meetings of the Board of Trustees Policy 3.1.0

three (3), unless otherwise provided by statutes, including but not limited to NRS 318.280 and NRS 318.350. In the event of only three members present, the method of action must be unanimous.

The District and its Board will operate according to NRS 281A, Ethics In Government. Should a conflict of interest be a concern, the Trustee will abide by NRS 281A and potentially abstain from voting. According to NRS 241.0355, an abstention is not a vote in favor.

- d. Recording Vote. All Trustees present and voting, shall have their yes/ayes and no/nays taken on all actions taken and entered into the minutes. All Trustees shall have the equal right to vote, make and second motions. If the vote for/against any item is not unanimous, the Chair may ask the Clerk to conduct a roll call vote.
- e. Ordinances. The enacting clause of all ordinances passed by the Board shall include the word "ordinance" and be consecutively numbered. All actions to pass or revise an ordinance shall be attested by the Secretary.
- f. Contracts. Contracts proposed and/or estimated to exceed \$50,000 must be approved by the Board of Trustees. The General Manager has the authority to execute contracts, not to exceed \$50,000, so long as the funds were budgeted for the specific purpose. All documents approved or awarded by the Board shall be signed in the name of the District by the Chair and countersigned by the Secretary, unless authorization to sign is given to another person(s) by the Board.
- g. Claims. The Board of Trustees may engage the General Manager and General Counsel to negotiate on behalf of IVGID, the settlement of all property damage, personal injury, or liability claims. Final settlement of such claims must be approved by the Board. The General Manager may accept a tentative



Conduct Meetings of the Board of Trustees Policy 3.1.0

settlement, which shall not be final and binding upon IVGID, unless and until approved by the Board of Trustees.

- h. Litigation. The General Manager must obtain Board of Trustees authorization, at a public meeting, to initiate any lawsuit, appeal any decision or judgement, or retain legal counsel to defend a lawsuit.

0.6 Robert's Rules. Unless contrary to this rule, such meetings shall be substantially conducted in conformity with Robert's Rules of Order unless those provisions conflict with Chapter 241 of the NRS, in which case, the statutes will prevail.

0.7 Reconsideration. Reversal, or substantial modification, of any item by the Board of Trustees within six months of the meeting date at which the action was taken, shall only be considered as follows:

- The General Manager may request reconsideration of any action of the Board, and place reconsideration of the action before the Board, if the General Manager determines that the action compromises the efficiency of operations or otherwise impairs the effective management of the District.
- A Board action may also be scheduled for reconsideration if at least three Trustees make the request.
- Written requests for reconsideration by any other person or party, including members of the general public, will be distributed to the Trustees but shall not be placed on the Board agenda, without the concurrence of at least three Trustees, as provided above.

If the original action was taken after a Public Hearing, a second Public Hearing shall be held in conjunction with any reconsideration.

Once placed on the agenda under the procedure established herein, the Board may rescind, modify, reaffirm, or take no action on the item; in the same manner it would take action on any other General Business agenda item.



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- 0.8 Officers of the Board.** As the first item of General Business at the first meeting of the calendar year, the Board of Trustees shall elect a Chair, Vice Chair, Treasurer, and Secretary. Each will begin their term immediately after the election and to assume their role for the duration of the first meeting continuing until the next election.

According to NRS 318.085(1), the role of Treasurer and the Secretary may be fulfilled by someone other than a Trustee.

Should a vacancy occur, the Board of Trustees shall follow NRS 318.090(5) to fill the vacancy. The most current roster for the current Board of Trustees is located on the District's website.

- 0.9 Advisory Committees.** The Board of Trustees may from time to time establish citizen committees to advise it on policy matters of the District. All such committees shall serve at the pleasure of the Board, and the Board shall have the authority to remove any member or all members from any and all committees at any time, or to change any of the terms of office thereof. Unless otherwise provided for in the document creating such committee and as permitted by applicable law (i.e. the Audit Committee). Committees shall be advisory in nature only, and shall have no authority to set policy; expend or obligate funds; hire, fire, supervise, or direct staff; or speak on behalf of the District, the Board, or its officers or employees. All committees shall conduct their business according to Roberts Rules of Order and shall conform to all provisions of the Nevada Open Meeting Law. If any Trustee is appointed to serve on a committee, the Trustee shall be the chair of that committee, unless other methods for selecting the chair have been approved by the Board of Trustees. If more than one Trustee is appointed to serve on the committee, then the Board shall determine by motion which Trustee shall serve as chair.

The General Manager may establish citizen advisory committees or bodies to advise the General Manager on areas of interest. These Citizen Advisory Committees are distinctively different from Board advisory committees as they are created by the General Manager to provide input. As such, they are not subject to the Nevada Open



Conduct Meetings of the Board of Trustees Policy 3.1.0

Meeting Law, but a reasonable attempt is to be made to notify members of the public of their meetings.

- 0.10 Legislative Matters.** The General Manager may from time to time propose positions on legislative issues, which positions shall be reviewed and approved by the Board at its regular meeting.
- 0.11 Conflict Resolution.** In the event that the provisions of Policy 3.1.0 conflict with any other Policy Provisions, this policy shall prevail.



**Budgeting and Fiscal Management
Adoption of Financial Practices
Policy 6.1.0**

POLICY. The District will maintain the following processes:

- 1.0 Financial Planning
- 2.0 Revenue
- 3.0 Expenditure

The District's adopted financial policies should be used to frame major practice initiatives and be summarized in the budget document.

These processes, along with any others that may be adopted, will be reviewed during the development of the operating budget. The Finance and Accounting staff should review the processes to ensure continued relevance and to identify any gaps that should be addressed with new processes. The results of the review should be shared with the Board of Trustees during the review of the proposed budget.

Process categories that should be considered for development, adoption and regular review are as follows:

1.0 Financial Planning

Financial planning addresses the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, the District processes support:

- 1.1 Balanced Budget. The District shall adopt a process that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.
- 1.2 Long-Range Planning. The District shall adopt a process(s) that supports the long-term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.



Budgeting and Fiscal Management Adoption of Financial Practices Policy 6.1.0

- 1.3 Asset Inventory. The District shall adopt a process to inventory and assess the condition of all major capital assets. This information should be used to plan for the ongoing financial commitments required to make the best use of public funds.

2.0 Revenue

Understanding the revenue stream is essential to prudent planning. Most of these policies seek stability to avoid potential service disruptions caused by revenue shortfalls.

- 2.1 Revenue Diversification. The District shall adopt a process that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual sources.
- 2.2 Fees and Charges for Services. The District shall adopt process that identifies the manner in which fees and charges for services are set and the extent to which they cover the cost of the service provided.
- 2.3 Use of One-time Revenues. The District discourages the use of one-time revenues for ongoing expenditures.
- 2.4 Use of Unpredictable Revenues. The District, as a matter of process, requires budget documents to identify the nature of collection and use of major revenue sources it considers unpredictable.

3.0 Expenditures

The District's expenditures define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. The District shall maintain processes to address:

- 3.1 Debt Capacity, Issuance, and Management. The District, through the Board of Trustees, shall adopt a process that



**Budgeting and Fiscal Management
Adoption of Financial Practices
Policy 6.1.0**

specifies appropriate uses for debt and identifies the maximum amount of debt and debt service that should be outstanding at any time.

- 3.2 Reserve or Stabilization Accounts. The District shall adopt a process to maintain a prudent level of financial resources to protect against the need to reduce service levels, raise taxes, modify charges for services or reallocate facility fees due to temporary revenue shortfalls or unpredicted one-time expenditures.

- 3.3 Operating/Capital Expenditure Accountability. The District shall adopt a process to compare actual expenditures to budget periodically and indicate actions to bring the budget into balance or other actions, if necessary. Comparisons may be of a financial nature or relative to measures of performance and results.



Budgeting and Fiscal Management Appropriate Level of Fund Balance Policy 7.1.0

POLICY. The District will maintain a formal practice on the level of Fund Balance that should be maintained in the General and Special Revenue Funds.

The adequacy of Unassigned Fund Balance in the General Fund should be assessed based upon the District's own specific circumstances. (Nevertheless, the Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain Unassigned Fund Balance in their General Fund of no less than five to fifteen percent of regular General Fund operating revenues.) The Nevada Administrative Code (NAC 354.650) requires a budgeted fund balance of 4%, based on the actual expenditures of the General Fund's previous fiscal year.

Building "stabilization arrangements" in the General Fund is an acknowledged purpose in response to revenue shortfalls and unanticipated expenditures.

The District employs the term "fund balance" to describe the net position of governmental funds calculated in accordance with Generally Accepted Accounting Principles (GAAP) at the individual fund level. Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis. In both cases, fund balance is intended to serve as a measure of the financial resources available for use in a governmental fund type.

Financial reporting distinguishes restricted fund balance from unassigned and unrestricted fund balance. Typically, only the latter is available for spending. A "stabilization arrangement" indicates a designated portion of unassigned or unrestricted fund balance is subject to an action by the governing body concerning the use of that amount.



**Budgeting and Fiscal Management
Appropriate Level of Fund Balance
Practice 7.2.0**

RELEVANT POLICIES: 1.1.0 Strategic Planning, 7.1.0 Appropriate Level of Fund Balance, 12.1.0 Multi-Year Capital Planning, and 13.1.0 Capital Project Budgeting, 14.1.0 Debt Management

PRACTICE. It is the practice of the Incline Village General Improvement District, hereinafter referred to as the District, to maintain Fund Balance in the General Fund and each governmental or proprietary fund type in a manner which provides for contractual, bond and customer service obligations, while meeting its routine and non-routine cash flow requirements and complying with all federal, state and local statutes and regulations.

1.0 SCOPE

This Practice shall apply accounting principals as forth in Governmental Accounting Standards Board (GASB) Statement 54 considering the unique characteristics of the District. To that end the following measurements will apply to each fund or type:

General Fund

The General Fund must meet the minimum balance requirements under Nevada Administrative Code Section 354.650.

Special Revenue Funds

Community Services; 25% of a fiscal years' operating expenditures (based on the current adopted budget) other than capital expenditure and debt service.

Beach Enterprise; 25% of a fiscal year's operating expenditures (based on the current adopted budget) other than capital expenditure and debt service.

Proprietary Fund Types:

Measurements of target fund balances:



**Budgeting and Fiscal Management
Appropriate Level of Fund Balance
Practice 7.2.0**

UtilitiesOperations - 25% of operating expenses for the fiscal year based on the current adopted budget.
**

Internal Services.....Operations - 25% of operating expenses for the fiscal year based on the current adopted budget.
**

Workers Compensation.....An amount equal to the State of Nevada required deposit, plus sufficient resources to cover the last determined open exposure for prior claims, if not covered by purchased insurance or a termination insurance policy.

** Operating expenses for these calculations do not include depreciation or interest expense since they are covered by separate definitions.

2.0 Definition of Stabilization Arrangement

In conformity with GASB Statement 54, the District may establish a stabilization arrangement only when it includes:

2.0.1 Recognition of the authority by which the arrangement is established including resolution, ordinance or other action.

2.0.2 When to make additions to the stabilization amount

2.0.3 When stabilization amounts can be spent

2.0.4 That a balance will be reported at each fiscal year end.

3.0 Other Classifications

The District will apply other classifications and accounting standards under GASB 54 including the use of Nonspendable, Restricted, Committed, Assigned, Unassigned and Unrestricted when presenting either a Statement of Net Position or other forms of fund balance in its financial reports.



Accounting, Auditing and Financial Reporting
Establishing the Estimated Useful Lives of Capital Assets
Policy 8.1.0

POLICY. The best source of relevant information on the estimated useful lives of the District's capital assets comes from its own past experience with similar assets. In situations where the documentation of the District's own past experience, for a given type of capital asset, is not adequate for this purpose, the District will consider the experience of other governments, professionally determined specifications, and private-sector enterprises. The District will make whatever adjustments are needed to estimated useful lives that were obtained from others to ensure that such estimates are appropriate to its own particular circumstances. It is especially important to consider the potential effect of each of the following factors when depending on the experience of others:

- 1.0 Quality.** Similar assets may differ substantially in quality, and hence in their useful lives, because of differences in materials, design and workmanship.
- 2.0 Application.** The useful life of a given type of capital asset may vary significantly depending upon its intended use.
- 3.0 Environment.** Environmental conditions in the Tahoe Basin include climate and regulatory sources. Conditions can be defined by the Tahoe Regional Planning Agency, the United States Forest Service Basin Management Unit and the North Lake Tahoe Fire Protection District. The service life of some capital assets used in connection with highly regulated activities could be affected by these agencies codes or best management practices.
- 4.0 Life Cycle Considerations.** The vast majority of the District's capital assets are used in conjunction with programming activities. Useful lives reflect the amount of utilization that will be consumed by an operating period and could affect the care and condition needed for services rendered by those venues. The District should also consider the possibility of varying useful lives for components of larger assets, both for capitalization and to reflect the appropriate life cycle maintenance interval for such components.



Accounting, Auditing and Financial Reporting
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Policy 8.1.0

- 5.0 Maintenance.** The potential effect of each of the factors just described may be mitigated or exacerbated as a consequence of the District's evaluation of capital asset care and condition, as well as the approach to maintenance and replacement policy. Once established, estimated useful lives for major categories of capital assets should be periodically compared with the District's actual experience and appropriate adjustments should be made to reflect this experience.



Capital Planning Multi-Year Capital Planning Policy 12.1.0

POLICY. The District will prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. The capital plan should cover a period of at least five years, preferably ten or more.

1.0 Identify needs. The first step in the District's capital planning is identifying needs. The District has a commitment to the maintenance of its existing infrastructure. The District's Multi-Year Capital Plan will use information including development projections, strategic plans, comprehensive plans, facility master plans, regional plans, and citizen input processes to identify present and future service needs that require capital infrastructure or equipment. In this process, attention will be given to:

- 1.1 Capital assets that require repair, maintenance, or replacement that, if not addressed, will result in higher costs in future years.
- 1.2 Infrastructure improvements needed to support new development or redevelopment.
- 1.3 Projects with revenue-generating potential.
- 1.4 Improvements that support economic development.
- 1.5 Changes in policy or community needs.

2.0 Determine costs. The full extent of project costs should be determined when developing the multi-year capital plan. Cost issues to consider include the following:

- 2.1 The scope and timing of a planned project should be well defined in the early stages of the planning process.
- 2.2 The District should identify and use the most appropriate approaches, including outside assistance, when estimating project costs and potential revenues.



Capital Planning Multi-Year Capital Planning Policy 12.1.0

- 2.3 For projects programmed beyond the first year of the plan, the District should consider cost projections based on anticipated inflation.
- 2.4 The ongoing operating costs associated with each project should be quantified, and the sources of funding for those costs should be identified.
- 2.5 A clear estimate of all major components required to implement a project should be outlined, including land acquisition needs, pre-design, design, and construction or acquisition, contingency and post-construction costs.
- 2.6 Recognize the non-financial impacts of the project (e.g., environmental) on the community.

3.0 Prioritize capital requests. The District continually faces extensive capital needs and limited financial resources. Therefore, prioritizing capital project requests is a critical step in the capital plan preparation process. When evaluating projects the District will:

3.1 Categorize each submittal under Project Types:

3.1.1 Major Projects

- A non-recurring project with scope and management complexity with a project budget greater than \$1,000,000 and a 25-year minimum asset life.

3.1.1.1 New Initiatives

- A project that creates a new amenity or significantly expands an existing facility with new programming, operations or capacities.

3.1.1.2 Existing Facilities

- A project that maintains, renews, and re-invests in existing facilities without significantly adding new programming, operations or capacities.



Capital Planning
Multi-Year Capital Planning
Policy 12.1.0

3.1.2 Capital Improvement

- A non-recurring project with some scope and management complexity with a project budget generally less than \$1,000,000.

3.1.2.1 New Initiatives

3.1.2.2 Existing Facilities

3.1.3 Capital Maintenance

- A generally recurring project at an existing facility with limited scope and management complexity and a project budget less than \$1,000,000.

3.1.4 Rolling Stock

- On-going projects for the replacement of vehicles, heavy and light duty wheeled and tracked machinery, tractors, mowers, trailers, etc.

3.1.5 Equipment & Software

- On-going replacement of non-rolling stock and non-building system equipment (kitchen, ski rental, uniforms, furniture, serviceware, etc.), information technology hardware and software.

3.2 Prioritize Projects under these criteria:

3.2.1 Priority 1 are projects that address Existing Facilities or replace existing assets via Capital Maintenance, Rolling Stock, or Equipment & Software projects that have reached or are near the end of useful life and are necessary to meet existing programming, operations, or capacities that the community wants, needs and uses.

3.2.2 Priority 2 are New Initiative projects that address existing facilities and assets that have reached or are



Capital Planning
Multi-Year Capital Planning
Policy 12.1.0

near the end of useful life in order to expand existing programming, operations, or capacities to meet the community's wants, needs and uses.

- 3.2.3 Priority 3 are New Initiative projects that create new amenities that are wanted by the community and will be funded by new sources.
- 3.2.4 Priority 4 are New Initiative projects that create new amenities that are wanted by the community and will be funded by existing sources.
- 3.3 Ongoing consideration of Project Types and Prioritization by District Staff will consider:
 - 3.3.1 Reflect the relationship of project submittals to financial and governing policies, plans, and studies.
 - 3.3.2 Allow venues to provide a prioritization recommendation.
 - 3.3.3 Incorporate input and participation from major stakeholders and the general public.
 - 3.3.4 The condition assessment of existing assets as it relates to asset life-cycle, industry best practices, manufacturer's guidelines, safety, and the aesthetic character of the facility.
 - 3.3.5 Adhere to legal and regulatory requirements and/or mandates.
 - 3.3.6 Anticipate the operations and operating budget impacts resulting from capital projects.
 - 3.3.7 Apply analytical techniques, as appropriate, for evaluating potential projects (e.g., return on service,



Capital Planning Multi-Year Capital Planning Policy 12.1.0

payback period, cost-benefit analysis, cash flow modeling).

3.3.8 Re-evaluate capital projects approved in previous multi-year capital plans.

3.3.9 The availability of outside funding (e.g. grants, direct community contribution, in-kind contribution, public private partnership) to support completion of a capital project.

4.0 Develop financing strategies. The District recognizes the importance of establishing a viable financing approach for supporting the multi-year capital plan. Financing strategies should align with expected project requirements while sustaining the financial health of the District. The capital financing plan should:

- 4.1 Anticipate expected revenue and expenditure trends, including their relationship to multi-year financial plans.
- 4.2 Prepare a flow of resources projection of the amount and timing of the capital financing and expenditure
- 4.3 Continue compliance with all established financial policies.
- 4.4 Recognize appropriate legal constraints.
- 4.5 Consider and estimate funding amounts from all appropriate funding alternatives.
- 4.6 Ensure reliability and stability of identified funding sources.
- 4.7 Evaluate the affordability of the financing strategy, including the impact on debt ratios, taxpayers, ratepayers, and others.



Capital Planning Capital Project Budgeting Policy 13.1.0

POLICY. The District will prepare and adopt a formal capital budget as part of their annual budget process. The capital budget will be directly linked to, and flow from, the Multi-Year Capital Improvement Plan. It may be necessary to modify projects approved in the capital plan before adopting them in a capital budget. Modifications may be necessary based on changes in project scope, funding requirements, or other issues. If these modifications are material, the District will consider the impacts these may have on its multi-year capital and financial plans. The capital budget should be adopted by formal action of the Board of Trustees, either as a component of the operating budget or as a separate capital budget. It will comply with all state and local legal requirements.

- 1.0 Preparing and Adopting the Capital Budget. The capital budget will include the following information:
 - 1.1 A definition of capital expenditure for the District.
 - 1.2 Summary information of capital projects by fund, function, venue/service or activity.
 - 1.3 A schedule for completion of the project, including specific phases of a project, estimated funding requirements for the upcoming year(s), and planned timing for acquisition, pre-design, design, and construction or acquisition activities and transition to complete operation.
 - 1.4 Descriptions of the general scope of the project, including expected service and financial benefits to the District.
 - 1.5 A description of any impact the project will have on the current or future operating budget.
 - 1.6 Estimated costs of the project, based on recent and accurate sources of information.
 - 1.7 Identified funding sources for all aspects of the project, specifically referencing any financing requirements for the upcoming fiscal year.
 - 1.8 Funding authority based either on total estimated project cost, or estimated project costs for the upcoming fiscal year. Consideration should be given to carry-forward funding for projects previously authorized.



**Capital Planning
Capital Project Budgeting
Policy 13.1.0**

- 1.9 Any analytical information deemed helpful for setting capital priorities.

The District needs a greater level of detail and information for non-routine capital projects than for routine projects. For non-routine projects, the capital budget should thoroughly describe the impact on the operating budget, number of additional positions required, tax or fee implications, and other financial or service impacts.

- 2.0 Reporting on the Capital Budget. The District recognizes the importance of timely and accurate reporting on projects adopted in the capital budget. Management, Trustees, and citizens should all have the ability to review the status and expected completion of approved capital projects. Periodic reports will be issued routinely on all ongoing capital projects. The reports will compare actual expenditures to the original budget, identify level of completion of the project, and enumerate any changes in the scope of the project, and alert management to any concerns with completion of the project on time or on schedule.



Budgeting and Fiscal Management
Adoption of Central Service Cost Allocation Plan
Policy 18.1.0

POLICY. The District will maintain practices in conformity with the Nevada Revised Statute Section 354.107 (Regulations) and 354.613(c) (Enterprise Funds Cost Allocation), including:

- 0.1 Central Service Cost Allocation Plan for accumulating, allocating and developing billing rates on allowable costs of services provided by the District's General Fund to departments, divisions and Funds.
- 0.2 This Policy and related Practice can only be modified by a non-consent agenda item during a regular meeting of the Board of Trustees.

The District's adopted other Financial Policies (6.1.0) that should be used to frame major practice initiatives and be summarized in the budget document. This Policy is specific to the equitable distribution of general, overhead, administrative and similar costs incurred by the District's General Fund in the process of supporting the operation of the District funds.

The underlying practice, along with any others that may be adopted for other financial purposes, will be reviewed during the budget process. The Finance and Accounting staff should review the practices to ensure continued relevance and to identify any gaps that should be addressed with new practices. The results of the review should be shared with the Board of Trustees during the review of the proposed budget. Each budget year, the current Central Service Cost Allocation Plan will be filed with the Nevada Department of Taxation as required.

Practice categories that should be considered for development, adoption and regular review are as follows:

- 0.1.1 Costs Allowed
- 0.1.2 Allocation Method
- 0.1.3 Billing rates for services provided



**Budgeting and Fiscal Management
Central Service Cost Allocation Plan
Practice 18.2.0**

RELEVANT POLICY: 18.1.0 Adoption of Central Service Cost Allocation Plan

1.0 COSTS ALLOWED

- 1.0.1 Costs will be determined in accordance with generally accepted accounting principles and approved by the Board of Trustees as part of the annual budget process, including any budget augmentation.
- 1.0.2 Costs incurred by a department, division or Fund specifically associated with their activities and operation will be Direct Costs to those departments, divisions or Funds.
- 1.0.3 Costs incurred for a common or joint purpose, benefitting more than one objective, will be considered Indirect Costs. These Indirect Costs must be necessary and reasonable for proper and efficient performance and administration.
- 1.0.4 Costs incurred may include, without limitation:
 - 1.0.4.1 Legislative costs for the Board of Trustees
 - 1.0.4.2 Legal Costs
 - 1.0.4.3 General Administration
 - 1.0.4.4 Emergency Services
 - 1.0.4.5 Public Relations
 - 1.0.4.6 Property Management
 - 1.0.4.7 Grants Management
 - 1.0.4.8 Contract, Procurement and Accounts Payable
 - 1.0.4.9 Grounds and Building Maintenance
 - 1.0.4.10 Budgeting, Accounting, Payroll and Audit
 - 1.0.4.11 Human Resources and Risk Management
 - 1.0.4.12 Information Technology and Communications
 - 1.0.4.13 Warehouse and Storage

Effective for the year ended June 30, 2012 upon acceptance by the Board of Trustees
Adopted February 29, 2012



**Budgeting and Fiscal Management
Central Service Cost Allocation Plan
Practice 18.2.0**

1.0.5 Applicable Credits

1.0.5.1 Applicable Credits will reduce the total costs allowed, when the credit relates directly to a transaction included in total costs.

1.0.6 Costs allowed should be deemed reasonable, ordinary and necessary for the operation of an Enterprise Fund.

2.0 ALLOCATION METHOD

2.0.1 The District's Proprietary Funds include both Enterprise and Internal Service Funds. The Internal Service Funds have and will continue to develop specific billing rates for services based on individual units of service to each department, division or Fund. Enterprise Funds will be billed an annual allocation of Indirect Costs Allowed, net of applicable credits, as evidenced by the adopted budget. The General Fund and Internal Service Funds be allocated a portion of these costs, but will not be billed, as it would only add a layer to recalculating their related rates and charges to the other funds.

2.0.2 The proportion of the allocation will be based on budget data in the form of statistics or amounts.

2.0.3 The basis of the allocation will be scheduled in support of current rates and be presented to the Board of Trustees in conjunction with establishing the Operating Budget for each fiscal year.

2.0.4 The Allocation Method for each Cost will be appropriate in relation to the cost's objective or measurement.

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**Budgeting and Fiscal Management
Central Service Cost Allocation Plan
Practice 18.2.0**

3.0 BILLING RATES

- 3.0.1 Monthly billings will be recorded and paid from the Enterprise Funds to the General Fund, based on a total as adopted with the District's Annual Operating Budget, including any Board approved amendments or budget augmentation.
- 3.0.2 The June billing each year, may be adjusted such that the total charges to the Enterprise Funds, for the fiscal year ending that respective June, does not exceed the actual allowed incurred costs net of actual applicable credits. The District may bill less than the budgeted total for a fiscal year, but in no case can the total billing exceed the total approved with the adoption of the District Annual Operating Budget for that fiscal year, including any Board approved amendments or budget augmentation.
- 3.0.3 Payment for billings will be considered completed by an entry in the general ledger for the District, through the Cash Clearing Fund, with appropriate amounts posted to the General Fund and the respective Enterprise Fund(s).

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