

**IVGID Board –
FY2021/22 Budget Development Workshop(s)**

WORKSHOP #1 – January 20, 2021

Introduction

Workshop Goals
Budget Development Calendar

1) Review of Board Policies (Fiscal / Budget)

- a. Financial Standards (Policy 2.1.0)
- b. Budgeting For Results and Outcomes (Policy 5.1.0)
- c. Adoption of Financial Practices (Policy 6.1.0)
 - i. Policy 6.1.2.0 – Revenues
 - ii. Policy 6.1.3.0 - Expenditures
- d. Appropriate Level of Fund Balance (Policy 7.1.0) / (Practice 7.2.0, Practice 19.2.0)
- e. Establishing the Estimated Useful Lives of Capital Assets (Policy 8.1.0)
- f. Establishing Appropriate Capitalization Thresholds of Capital Assets (Policy 9.1.0)
- g. Multi-Year Capital Planning (Policy 12.1.0)
- h. Capital Project Budgeting (Policy 13.1.0) / (Practice 13.2.0)
- i. Central Services Cost Allocation Plan (Practice 18.2.0)

RELATED TOPICS:

- Fund Accounting – Enterprise vs Special Revenue
- Fund Structure – Resolution No. 1838
- Parcel Owner Allowances
- Accounting for Punch Cards

2) Baseline FY2021/22 Operating Budget

- a. Baseline Revenue Assumptions
- b. Baseline Expenditure Assumptions
- c. Preliminary Baseline Budget, by Venue / Fund
- d. Approach to planning for uncertain future

3) Baseline Five-Year Forecast for Each Major Fund Types

- a. General Fund
- b. Utility Fund
- c. Community Services Fund(s)
- d. Beach Funds

WORKSHOP #2 - FEBRUARY

4) Review of Venue / Program Budgets and Expectations

- a. Baseline Revenues / Fee Structure
 - b. Staffing and Service Levels
 - c. Professional Service Contracts
 - d. Net Operating Revenues(Expenses) – “Financial Bottom Line”
- Administration
 - Utilities
 - Water
 - Sewer
 - Solid Waste
 - Community Services
 - Golf
 - Facilities
 - Diamond Peak
 - Recreation Programs
 - Parks
 - Tennis
 - Beaches

**IVGID Board –
FY2021/22 Budget Development Workshop(s)**

WORKSHOP #3 - MARCH

5) CAPITAL IMPROVEMENT PLAN (CIP)

- a. Capital Project Budgeting Policies / Practices – UPDATE
 - i. Project Justification / Scope / Funding Sources
 - ii. Capital vs Operations / Maintenance
- b. Review / Update of Priority Capital Projects and Funding Strategies
- c. Preliminary FY2021/22 Capital Budget
- d. Updated Five-Year Capital Improvement Plan

6) FACILITY FEE – FY2021/22 RECREATION ROLL

- i. Community Services
- ii. Beach

2021/22 BUDGET CALENDAR

| Date | Current (FY20/21) Budget | FY2021-21 Budget Process | Board of Trustees Calendar | Rate-Setting Process: Pricing / Utilities / Rec Roll | State of Nevada - DOT |
|------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------|
| SEP | | | | | |
| OCT | | Staff Budget Kick-off Program Baseline Budgets CIP Update Guidelines | | | |
| NOV | FY2020/21 1st Quarter Budget Report | | FY2020/21 1st Quarter Budget Report | RFP for Utility Rate Study | |
| DEC | | Program Baseline Review Revenues Personnel / Expenditures | | | File Resolution of Intent Enterprise Fund Accounting Request Hearing Date(s) |
| JAN | Mid-Year Projections Revenues Expenditures Mid-Year Budget Adjust. | | BOARD BUDGET WORKSHOP Budget and Financial Policies Baseline Budget Assumptions | Pricing Policy Preliminary Rate Schedule | Dept. of Taxation Local Government Committee IVGID Hearing |
| FEB | FY20/21 Mid-Year Report Board of Trustees | Program Revenue Workshop District Pricing Policy Baseline Facility Fee Prliminary CIP Plan Updates Preliminary Tentative Budget | FY20/21 Mid-Year Report Set May Public Hearing Dates BOARD BUDGET WORKSHOP Venue Operating Budgets | FY2020-21 Key Rates & Cost- Recovery Pyramid | |
| MAR | | | BOARD BUDGET WORKSHOP Capital Improvement Plan Update | Preliminary Rec Roll | |
| APR | Review / Update FY2016 Year End projections | BOT Approval: FY2020/21 Tentative Budget Submit: State of Nevada | BOT Approval: FY2020/21 Tentative Budget | Board Approval Utility Rate Ordinance | Tentative Budget Filed April 15, 2021 |
| MAY | | BOT Approval: FINAL FY2021/22 Budget Submit: State of Nevada | Public Hearings: FY2020-21 Rec Roll & FY2020-21 Annual Budget BOT Approval: FINAL FY2021/22 Budget Submit: State of Nevada | | |
| JUNE | | Finalize Five-Year CIP Update | | | Final Approved Budget Form 4404LGF Filed June 1, 2021 |
| Q1 | | | Annual Statement of Indebtedness Report / 5-Year Capital Improvement Plan | | Forms 4410LGF & Forms 4411LGF Filed August 1, 2021 |
| Q2 | FY2021/22 Q1 Budget Report (November) | | FY2021/22 Q1 Budget Report (November) | | |
| Q3 | FY2021/22 Mid-Year Budget Report (February) | | FY2021/22 Mid-Year Budget Report (February) | | |
| Q4 | | | | | |



Budgeting and Fiscal Management Financial Standards Policy 2.1.0

The Incline Village General Improvement District was formed to provide high quality services that are readily accessible to its parcel owners. Achieving this goal requires clear financial objectives, careful control of operations, and management of monetary and physical assets and its workforce.

The District has committed to a Strategic Planning Process to provide a context for policy and direction for the budget process.

POLICY: The Board of Trustees will maintain a set of Long Range Principles under the Strategic Planning Process. These Principles will include, at a minimum, an element for each of the following areas:

1.0 Resources and Environment

Promote and enhance the resources and environment of the Lake Tahoe Basin.

2.0 Finance

Continue to ensure the fiscal responsibility and sustainability of the District by maintaining sound effective policies for operation budgets, revenue and expenditures, fund balances, capital improvements, investments and risk management.

2.1 IVGID's process for establishing the financial goals for each of its departments will address both financial measures for operating and net income (loss) and cash flow.

2.2 As a part of the operating budget process, IVGID will review each major venue's cash flow needs for the upcoming fiscal year. On the basis of those reviews IVGID shall establish an allocation of the Recreation and/or Beach Facility Fee, considering established amounts of working capital and the predicted timing of revenues and expenditures for that fiscal year.

2.3 IVGID will review the consequences to each department's net income (loss) and cash flow based upon its expected Capital Improvement Projects and Debt Service obligations. The affects of these items will be

Effective July 1, 2014



Budgeting and Fiscal Management Financial Standards Policy 2.1.0

incorporated into the applicable allocation of the Recreation and/or Beach Facility Fee.

2.4 REPORTING ON THE RECREATION AND BEACH FACILITY FEE -
The annual Recreation and Beach Facility Fee Allocation, based on the next fiscal year's Operating and Capital Improvement Project budgets and scheduled Debt Service, will be made available to each parcel owner, in accordance with Nevada Revised Statutes, prior to and subsequent to adoption of the fiscal year budget by the Board of Trustees. This summary will delineate the amount of Recreation and Beach Facility Fee allocated to each subfund. The summary will also indicate when amounts have been designated for reserve purposes.

2.5 REPORTING THE DISTRICT'S OVERALL FINANCIAL RESULTS -
The District will make its overall financial results available for public inspection by issuing a Comprehensive Annual Financial Report (CAFR). The CAFR results from the audit process for each fiscal year and is approved by the Board typically in November.

Other forms of information can be developed at the discretion of the Board of the Trustees or the General Manager.

3.0 Workforce

Maintain our highly qualified workforce and status as a premier employer in the Lake Tahoe Basin.

4.0 Services

Deliver high quality services balanced with maintaining financial performance.

4.1 SERVICES - IVGID will offer services contingent upon the need for them in the community and in compliance with Nevada Revised Statutes Chapter 318.

4.2 OPERATIONS - IVGID will review operating methods, on an annual basis, and make decisions based on an objective analysis of the service, quality and cost versus value to the users.

Effective July 1, 2014



**Budgeting and Fiscal Management
Financial Standards
Policy 2.1.0**

4.3 UTILIZATION – IVGID will consider the constituency it serves and how those services can be best delivered for the District as a whole. The District provides services first and foremost to the District’s parcel owners, who are also the primary connection to the community’s businesses, civic and charitable organizations.

5.0 Facilities

Maintain and enhance the District’s infrastructure to support service delivery.

6.0 Communications

Considering the best use of public funds, educate and engage the parcel owners and residents of the Crystal Bay and Incline Village community. The District will consider a variety of methods for communication to accommodate the spectrum of needs and formats.



**Budgeting and Fiscal Management
Performance Measurement for Decision Making
Policy 4.1.0**

POLICY. The Incline Village General Improvement District program and service performance measures will be developed and used as an important component of budgeting, financial planning and decision making.

- 1.0 These measures will be linked to the District's budgeting. Performance measures should:
 - 1.1 be based on Long Range Principles that tie to a statement of program mission or purpose;
 - 1.2 measure program outcomes;
 - 1.3 tie to services provided;
 - 1.4 measure efficiency and effectiveness for continuous improvement;
 - 1.5 be verifiable, understandable, and timely;
 - 1.6 be consistent throughout the budget, accounting and reporting systems and to the extent practical, be consistent over time;
 - 1.7 be reported internally and externally;
 - 1.8 be monitored and used in managerial decision-making processes;
 - 1.9 be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs; and
 - 1.10 be designed in such a way to motivate staff at all levels to contribute toward organizational improvement.
- 2.0 The District will use performance measures as an integral part of the budget process. Performance measures should be used to report on the outputs and outcomes of each program and should be related to the mission, Long Range Principles and objectives of each department.
- 3.0 In the final analysis, the District recognizes that the value of any performance measurement program is derived through positive behavioral change. Stakeholders at all levels must embrace the concept of continuous improvement and be willing to be measured against objective expectations.



**Budgeting and Fiscal Management
Budgeting for Results and Outcomes
Policy 5.1.0**

POLICY. To achieve the objective of integrating Strategic Planning and performance into the budgetary process, the District will:

- 0.1 Conduct analysis to determine what strategies, objectives and actions will best achieve the desired results.**
- 0.2 Prioritize the results or outcomes as services and activities that matter most to the parcel owners as a whole.**
- 0.3 Allocate resources among high priority results.** The allocations should be made in a fair and objective manner. Then budget resources to the most significant services and activities to maximize the benefit of the available resources as the best use of public funds.
- 0.4 Set measures of annual progress, monitor, and provide feedback.** These measures should spell out the expected results and outcomes and how they will be measured.
- 0.5 Monitor Outcomes for what actually happened.** This involves using performance measures to compare actual versus budgeted results.
- 0.6 Communicate performance results.** Internal and external stakeholders should be informed of the results in an understandable format.
- 0.7 The District Finance and Accounting Department responsibilities are:**
 - 1.1 Facilitating government-wide results and analytical support.
 - 1.2 Providing credible budget allocations and expected revenues in the light of current environmental factors.
 - 1.3 Advising on allocations for administrative support functions, which provide necessary organizational infrastructure for achieving community goals, but do not typically emerge as high priorities on their own.
 - 1.4 Design a work product to facilitate the process of budgeting for results and outcomes and in a reportable form.
 - 1.5 Serving as an advocate for outcomes and the process in general rather than for any particular department.



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**

Utilities.....Operations - 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
Establishing the Estimated Useful Lives of Capital Assets
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.



Accounting, Auditing and Financial Reporting
Establishing Appropriate Capitalization Threshold for Capital Assets
Policy 9.1.0

POLICY. The District will consider the following guidelines in establishing capitalization thresholds:

- 1.0** Potentially capitalizable items should only be capitalized if they have an estimated useful life of greater than two years following the date of acquisition or placed into service.
- 2.0** Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets.
- 3.0** In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item.
- 4.0** In establishing capitalization thresholds, when the District is a recipient of federal awards, then federal requirements that prevent the use of capitalization thresholds in excess of certain specified maximum amounts for purposes of federal reimbursement will prevail.
- 5.0** Capitalization of buildings and infrastructure should consider the use of componentization as a way to reflect the varying life cycle considerations of mechanical, structural elements, and wear items that may require different cycles of maintenance and replacement from the main asset being capitalized. The significance of such componentization takes precedent over the \$5,000 threshold, and thus smaller amounts may be listed to facilitate proper asset management.



**Accounting, Auditing and Financial Reporting
Capitalization of Fixed Assets
Practice 2.9.0**

RELEVANT POLICIES: 8.1.0 Establishing the Estimated Useful Lives of Capital Assets and 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets

1.0 ACCOUNTING CONTROL

The capitalization threshold for all asset classes shall be identified during the budget process each fiscal year by the Finance and Accounting staff and approved by the Board of Trustees as part of the adoption of the annual Debt Management Policy, including the Five Year Capital Improvement Plan and its statement on Minimum level of expenditure.

1.1 The capitalization threshold per item shall be:

| <u>ASSET CLASS</u> | <u>MINIMUM COST</u> |
|--------------------------------------|---------------------|
| Equipment | \$ 5,000.00 |
| Structures and Land Improvements ... | \$10,000.00 |

1.2 In addition to cost, all of the following criteria shall also be used:

1.2.1 The normal useful life of the item is three or more years.

1.2.2 The item has an acquisition cost (including freight and installation) of at least the amounts listed above in each asset class.

1.2.3 The item will not be substantially reduced in value by immediate use.

1.2.4 In case of repair or refurbishment that will be capitalized, the outlay will substantially prolong the life on an existing fixed asset or increase its productivity significantly, rather than merely returning the asset to a functioning unit or making repairs of a routine nature.



Accounting, Auditing and Financial Reporting
Capitalization of Fixed Assets
Practice 2.9.0

- 1.2.5 The capitalization threshold is applied to individual items rather than to groups of similar items (e.g. desks and tables).
- 1.2.6 The utilization of componentization of assets under the project, to provide a more appropriate management of an assets care, condition and associate maintenance or replacement, takes precedent over the stated thresholds under section 1.1.

2.0 PHYSICAL CONTROL

All fixed assets acquired either as operating or capital expenditures will be identified as IVGID property and recorded. Such items represent a value to the operations that have an ongoing usefulness to justify safeguarding them from loss or abuse. The items should be expected to be in service at least two years and can be readily assigned to a function or activity as responsible for its care and condition.



Section IX

Property and Equipment

1. ADDITIONS TO PROPERTY AND EQUIPMENT

Policy

All additions to property and equipment should be properly authorized utilizing our requisition/purchase order processing. Expenditures for tangible assets used actively in business operations that benefit a period exceeding one fiscal year should be capitalized. Repair costs are recorded as expenditures. The following procedure should be followed in determining if a purchase meets the necessary requirements for capitalization:

| <u>Asset Class</u> | <u>Minimum Cost</u> |
|--------------------------------|---------------------|
| Equipment | \$ 5,000.00 |
| Structures & Land Improvements | \$10,000.00 |

The following broad asset types generally categorize property and equipment:

- Land
- Land improvements
- Buildings
- Equipment
- Furniture, fixtures, and office equipment
- Computer equipment, including purchased software
- Tools
- Vehicles
- Construction in process

Capital budgeting is as integral to forming a company's annual business plan as is operations budgeting. Since the budgeting process must take place far in advance, estimations of acquisitions in the budget year must be made. The decision to purchase a capital asset should be an informed one based on current year budgets, projected benefits of the addition, and possibility analysis of the lease versus purchase options.

The fixed asset accountant should maintain a CIP book, which contains details for all proposed capital project expenditures over a five-year period.

Procedures Approval of Capital Budgeting

- 1.1 Capital budgets should be submitted along with operating budgets for review and approval by the appropriate levels of management and the Board of Trustees.

Capital Asset Purchase Authorization

- 1.2 No purchase of capital assets should be made without proper authorization and review to ensure compliance with budget guidelines and sound investment decision making.

Approval of Requisition Requests

- 1.3 Requisition requests should be submitted and approved by appropriate levels of management as determined by the dollar magnitude of the acquisition before funds are committed for capital expenditures.

Requisition requests and purchase orders are required for all capital asset expenditures. The requisition and purchase order should specify the reason for the request and the estimated cost.

In some instances, capital items will need to be purchased that were not included in the budget. Proper change-of-scope forms and authorizations by the appropriate levels of management must be received prior to purchasing these items.

Long-Term Lease or Purchase

- 1.4 Obtaining the use of property and equipment through long-term leases is an alternative to outright purchase. Leases vary in term, assumption of expenses, and many other details. The purchase versus lease decision should be based upon the basis of net cost, considering cash flows, financial statement presentation, and suitability of the asset to leasing.

2. ACCURATE RECORDS OF PROPERTY AND EQUIPMENT

Policy Accurate records should be maintained of the cost and accumulated depreciation of property and equipment.

The acquisition of capital assets should be organized to ensure that no unauthorized acquisitions have been made and that records of each acquisition are accurate, complete, and recorded in the appropriate period.

Procedures Receipt and Identification of Capital Assets

- 2.1 All property and equipment should be identified upon their receipt by the use of a prenumbered tag. The tag should be permanently affixed in a readily visible area. The property number on the tag should be recorded in the detailed fixed asset ledger. The location of the asset should be recorded in the detailed fixed asset ledger.

Review of Purchase Price Variances

- 2.2 For each capital item purchased, a comparison should be made of the actual versus budgeted cost. Differences should be explained and approved by a responsible person.

Maintenance of Detailed Fixed Asset Ledgers

- 2.3 Detailed fixed asset ledgers that are accurate and complete should be maintained for all asset classifications.

Depreciable Assets Net Acquisition Costs

2.4 Depreciable assets should be carried in the accounting records at the original net acquisition cost, less separate accounts for accumulated depreciation or depletion. Non-depreciable capital assets customarily should be carried in the records at the original net cost. Purchased items of property and equipment that meet the capitalization requirements are to be capitalized at the invoice price plus all charges incurred to prepare the asset for operations.

Cost of acquisition or construction includes not only the contract or invoice price but also such costs as preliminary engineering studies and surveys, legal fees to establish title, installation costs, freight, and labor and material used in construction or installation.

Cash discounts taken should be recorded as a reduction of the cost.

Posting to Detailed Ledger

2.5 Asset additions, disposals, and period depreciation should be posted to the detailed ledger on a monthly basis.

Reconciliation to General Ledger

2.6 On periodic bases, the detailed fixed asset ledger should be reconciled with the general ledger for asset cost and accumulated depreciation.

Investigation and Resolution of Differences

2.7 Any differences disclosed by the reconciliation in 2.6 should be investigated and resolved.

Review of Differences

2.8 The results of the reconciliation should be reviewed and approved by the Controller before any adjustments to the accounts are recorded. A signature should evidence such review.

Capitalization of Expenditures While Building

2.9 Expenditures made by the District while building a capital asset should be capitalized.

Expenditures such as those for materials, labor, engineering, supervision, clerks' salaries and expenses, legal expenses, insurance, overhead, and interest should be capitalized as "construction in progress" until the project is completed and placed in service. No depreciation should be taken on construction in progress.

Periodically during construction, a comparison should be made between projected and actual expenses incurred. Appropriate approvals should be obtained if projected costs will exceed the budgeted amount prior to expenditures going over budget.

Upon completion of construction and placement in service, the asset should be removed from construction in progress and entered into the detailed fixed asset ledger under the appropriate classification. Depreciation should now be taken on the asset.

Expenditures – Capitalization vs. Expense

2.10 Repair expense should be distinguished from expenditures for improvements, additions, renovations, alterations, and replacements.

(a) Expenditures are repair expense if they do not materially add to the value of the property and do not materially prolong the life of the property. Examples of repair expense are:

- Replacing loose or damaged shingles
- Replacing broken glass
- Painting and decorating
- Resurfacing a parking lot
- Making temporary repairs to last less than one year
- Making minor repairs to fully depreciated assets

(b) Repair costs that increase the value of property, prolong its life, or adapt it to a new or different use are capital expenditures. If the life of the asset has been significantly extended, the remaining original cost and the repair cost should be depreciated over the new life. Examples of repair expenditures that are capital expenditures are:

- Replacing floors
- Replacing a roof, thereby substantially prolonging its life
- Reconditioning machinery, thereby extending its life
- Replacing an auto's or a truck's engine
- Overhauling an auto or truck that was substantially worn out
- Installing a new heating system

(c) Other expenditures that may be capitalized:

- Structural changes or alterations to company-owned buildings, which become a part of a building and increase its life or value
- Significant improvements to property leased by the company, improvements that add value to the leasehold (e.g. permanent office partitions)

3. DEPRECIATION OF PROPERTY AND EQUIPMENT

Policy

The cost of all capitalizable assets should be allocated over the estimated useful lives in a rational and systematic manner.

Straight-line depreciation is used for determining depreciation. Straight-line depreciation is calculated by using an equal amount of the net cost of an asset and retiring this amount monthly over the useful life of the asset.

Procedures Determination of Useful Life

3.1 The useful life should be determined when a capital asset is acquired. The useful life is expressed in terms of months.

The cost of an asset should be allocated over a useful life via depreciation or depletion.

When a useful life is not determinable, such as for land, no depreciation should be taken.

If there is a change in the estimate of the remaining useful life after the asset is placed into service, the remaining cost to be depreciated should be spread over the revised remaining life.

The Controller should review the estimated useful life.

Once depreciation has been determined, it should be applied consistently until conditions change to such a degree that its application no longer produces reasonable results.

4. EXISTENCE OF CAPITAL ASSETS

Policy Control should be maintained over capital assets and their related records to ensure that all recorded assets exist and are in use for operations.

The physical existence of capital assets should be verified and reconciled to the fixed asset records.

Procedures Identification and Record of Assets

4.1 At the time of acquisition, all assets should have been identified, tagged, and entered into the detailed fixed asset ledger. The tag should have been placed in a visible area. The tags provide a clear method of tracing the asset to the fixed asset ledger. Periodically, the District should take a physical inventory of all capital assets to ensure the completeness and accuracy of the company's records.

Responsible management employees who are not responsible for the custody or record keeping of the assets should oversee the inventory process.

All assets should be examined to determine that they are currently being used.

Comparison to Detailed Records

4.2 The inventory of the assets on hand should be compared to the detailed records.

A responsible management employee should resolve all differences.

5. DISPOSAL OF CAPITAL ASSETS

Policy Disposal of capital assets should occur only after proper authorization has been given.

Control over the disposition of property should be maintained not only to preserve the accuracy of the records but also to ensure that assets are safeguarded, improper disposal is avoided, and the best possible terms are received for disposal.

Procedures Documentation of Disposal

5.1 The following procedures should apply to the retirement and disposal of company assets:

- No item of property and equipment should be removed from the premises without a properly approved disposal form
- A disposal form should be completed for all disposals
- This disposal form should be reviewed and approved by the fixed asset accountant
-

Recording Disposal

5.2 Once the retirement has been properly approved and documented, the following procedures apply to the recording of the transaction:

- (a) At the time the property is retired, the cost should be removed from the appropriate asset account; the related accumulated depreciation including depreciation to date of disposal, should be removed from the accumulated depreciation account; and the profit or loss, adjusted for the cost of removal, should be recorded as an income (gain) or expense (loss) item.
- (b) When the disposal is via a trade-in of a similar asset, the acquired asset should be recorded at the book value of the trade-in asset plus any additional cash paid. In no instance should such cost exceed the fair market value for the new asset.

Fully Depreciated Assets

5.3 Fully depreciated assets should remain on the property records with the related accumulated depreciation as long as the property is still in use.



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.



Capital Planning Capital Expenditures Practice 13.2.0

RELEVANT POLICIES: 1.1.0 Strategic Planning, 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets, 12.1.0 Multi-Year Capital Planning, and 13.1.0 Capital Project Budgeting

1.0 AUTHORITY

Decision-making responsibilities and duties on capital projects shall be allocated by the General Manager to specific members of the IVGID staff as provided herein. The staff member so assigned may delegate "duties" to another, but shall remain "responsible" for their actions pertaining to the project.

A Project Manager will usually be a representative of the IVGID department which will acquire or construct the project. The Project Manager may seek the input or assistance of a representative of the IVGID department that will utilize the capital asset. A planner, analyst, designer, or construction representative usually reports to the Project Manager as an employee or through a contract for services.

2.0 CAPITAL PROJECT FINANCING RESOURCES

Financial management of capital projects is controlled through a system including the Multi-Year Capital Improvement Plan and each fiscal year's Capital Improvement Project Budget. The ability to pay for the costs of a project will be based on identifiable and predictable financing resources at the time of acquisition.

2.1 Establishment. A capital project's financing resources may be established by action of the Board of Trustees by the adoption of a Capital Project Report. Financing resources may be established for each fund; for each program; or for each project or group of projects. The preference is on each project to facilitate calculating the affects of each project on the Multi-Year Capital Improvement Plan.

2.2 Status. All financing resources identified and received for a Capital Improvement Project shall be held in cash or



Capital Planning Capital Expenditures Practice 13.2.0

investments and shall constitute an element of fund balance or net position until expended or released by an action of the Board of Trustees.

- 2.3 Interest.** Investment earnings on a project's financing resources shall accrue to the project to the extent they were included in the Capital Improvement Project Data Sheet or are deemed needed for possible project cost adjustments. In any project where part of the financing resources came from bond proceeds, the investment earnings must be attached to the project in order to determine and comply with IRS arbitrage regulations.
- 2.4 Expenditures.** Funds identified as financing resources may only be expended by action of the Board of Trustees according to the District's Capital Improvement Project Budget. Projects carrying over from one fiscal year to another are expected to be identified during each budget process to extend spending authority and facilitate completion of the construction or acquisition of the capital assets. The General Manager has the authority to redirect the design or specifications affecting up to an aggregate of \$50,000 if it does not exceed the total approved cost of the project.
- 2.5 Exclusivity.** All financing resources identified for a project, are considered exclusively for expenditures related to that project. No expenditures or obligations shall be made related to that project which cumulatively exceeds the available balance in identifiable and predictable financing resources.
- 2.6 Changes.** The amount of funds in identifiable and predictable financing resources may be increased or decreased by action of the Board of Trustees, provided that no decrease shall occur which causes the unexpended financing resources for any project to fall below the cumulative total of obligations outstanding pertaining to the project.



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- 2.7 **Close-out.** Upon completion or termination of a project, the unexpended financing resources for that project may be closed out by the General Manager, except when a previous action by the Board of Trustees, designates where the unexpended amount, if any, shall be transferred.

3.0 PROJECT LIFE CYCLE

Projects shall be managed in relation to the following typical project life cycle:

- 3.1 **Definition.** The process of developing a document which describes a specific project, in terms of location, function, cost, and other parameters. Approval of a Capital Project Data Sheet means the project has been "**defined.**"
- 3.2 **Planning.** The process of developing documents which identify the location and function of projects, in relation to other projects and existing facilities. Approval of a project plan document within an approved Capital Project Summary means the project has been "**planned.**"
- 3.3 **Feasibility.** The process of analyzing the practicality of a project, in terms of capital financing and cost, operating revenue and cost, environmental and permit conditions, and other factors. Acceptance information stated on the Capital Project Data Sheet as a feasibility report, means the project has been "**justified.**"
- 3.4 **Scheduling.** The process of developing an outline identifying the cost, timing and financing of the capital project. All capital project expenditures shall be evaluated through a Multi-Year Capital Improvement Plan and authorized for expenditure through a specific fiscal year's Capital Improvement Plan Budget. Inclusion of a project within an approved Multi-Year Capital Improvement Plan means the project has been "**scheduled.**"



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- 3.5 Funding Identified.** The process by which funds are identified, as either planned or set aside to underwrite capital costs. Identification of predictable financing resources for inclusion of a project in a specific fiscal year's Capital Improvement Plan Budget means the project has been "**funded.**"
- 3.6 Design/Specification.** The process of determining the size, specifications, acquisition/construction methods, and other factors prerequisite to construction or acquisition, including the selection of the designers. Approval of final design means the project has been "**designed.**"
- 3.7 Construction/Acquisition.** The process entails constructing or acquiring a project's assets, including the selection of contractors or vendors. Approval of final payment means the project has been "**completed.**"
- 3.8 Requirements.** All projects may not be subject to all phases, or be phased in the same order. However, all capital projects shall be defined. All capital projects shall be scheduled and have funding identified, prior to design/specification. All construction projects shall be planned. All construction projects shall be justified, prior to design/specification.

3.8.1.0 Definition

3.8.1.1 Trustees Responsibility: Relate District needs identified through the Strategic Plan to capital projects placed on the Multi-Year Capital Improvement Plan. **Duties:** Consider project definitions as part of Capital Improvement Project Budget submittal.

3.8.1.2 General Manager Responsibility: Ensure capital projects developed for consideration by the Board of Trustees relate to strategies and actions



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developed under the District's Strategic Planning Process. **Duties:** Approve capital project definitions.

3.8.1.3 Staff Duties: Prepare an accurate and up to date Capital Project Data Sheet, containing statement of project cost, schedule, location, financing, and other factors.

3.8.2.0 Planning

3.8.2.1 Trustees Responsibility: Ensure adequate planning basis for capital improvement projects. **Duties:** Define general goals, constraints, and directions. Award and execute planning contracts according to Nevada Revised Statutes. Establish public input process. Review and approve final plan.

3.8.2.2 General Manager. Responsibility: Ensure all issues are addressed and plans are coordinated with the Multi-Year Capital Improvement Plan. **Duties:** Review and approve planning scope. Approve requests for proposals on consulting contracts. Approve planning methods and planning team. Provide guidance to Project Manager during planning.

3.8.2.3 Project Manager. Responsibility: Administration, quality and accuracy. **Duties:** Define specific objectives, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for planning team. Prepare planning contracts. Recommend approval for and executing planning contracts. Coordinate project with, public, staff, and General Manager. Review and approve progress reports, make substantive and procedural decisions during planning process, and



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recommend preferred alternatives and final plans to the General Manager and Board of Trustees.

3.8.2.4 Engineering and Staff. Duties: Provide input to planning scope, methods, analysis, conclusions, and recommendations.

3.8.2.5 Planner Duties: Conduct analysis and produce planning documents and reports, for review by Project Manager.

3.8.3.0 Feasibility

3.8.3.1 Trustees. Responsibility: Ensure feasibility of capital improvement projects prior to design and construction. **Duties:** Determine when feasibility studies are required. Identify issues to be addressed. Award and execute consulting contracts according to Nevada Revised Statutes.. Review and accept the final "Capital Improvement Project Budget" as a basis for decision-making.

3.8.3.2 General Manager. Responsibility: Ensure critical issues are addressed and conservative approach to feasibility is applied. **Duties:** Review and approve study scope. Approve requests for proposals on consulting contracts. Approve study methods and team. Provide guidance to the Project Manager during study.

3.8.3.3 Project Manager. Responsibility: Administration, quality and accuracy. **Duties:** Define specific concerns, alternatives, criteria, and scope. Prepare requests for proposals and administer selection process for study team. Prepare study contracts. Recommend award and execute study contract. Coordinate project with, staff and General



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Manager. Review and approve progress reports, make substantive and procedural decisions during study process, and approve conclusions and recommendations.

3.8.3.4 Finance, Engineering, and Staff. Duties: Provide input to study contract, scope, methods, analysis, conclusions, and recommendations.

3.8.3.5 Analyst. Duties: Conduct analysis and produce study documents and reports for review by the Project Manager.

3.8.4.0 Scheduling

3.8.4.1 Trustees. Responsibility: Prioritization and prudent investment of capital assets. **Duties:** Review and approve Multi-Year Capital Improvement Plan considering financing programs, priorities and needs and validity to proceed as scheduled. Approve project amendments and substitutions according to District purchasing policies.

3.8.4.2 General Manager. Responsibility: Validate scheduling in terms of sound financial planning and the ability to construct or acquire the capital assets. **Duties:** Review, revise and recommend capital improvement projects to the Board of Trustees.

3.8.4.3 Engineering Staff. Responsibility: Accuracy of cost projections and coordination of project scheduling. **Duties:** Identify capital project scheduling issues correlated to timing of expenditures and acquisition of the capital assets. Coordinate input of operating staff receiving the capital asset.



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3.8.4.4 Finance Staff Responsibility: Adequacy of identifiable and predictable financing resources to meet the timing of expenditures. **Duties:** Analyze alternative financing schemes and prepare capital financing program coordinated with appropriate Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

3.8.5.0 Funding

3.8.5.1 Trustees. Responsibility: Adequate identifiable and predictable financial resources exist for the project prior to the approval to proceed. **Duties:** Establish appropriate identifiable predictable financing resources are available. Increase and decrease funding level.

3.8.5.2 General Manager Responsibility: Approve recommendations for project to proceed and increases in project financing resources beyond levels identified in Capital Project Report, prior to submitted to Board. **Duties:** Review updated financial analysis for the capital project with Finance Staff for adequate financing resources and cash flows. Approve close-out upon project termination or completion.

3.8.5.3 Project Manager. Responsibility: Accuracy. **Duties:** Assemble and update project cost estimates.

3.8.5.4 Finance Staff. Responsibility: Administration of project finances. **Duties:** Produce periodic report on capital project financing resources, obligations and expenditures. Recommend periodic action to establish, increase, decrease, and close out



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financing resources. Consider the current affects of projects on the Capital Improvement Project Budget and the Multi-Year Capital Improvement Plan.

3.8.5.5 Engineering Staff. Duties: Coordinate estimates of project cost for periodic funding report.

3.8.6.0 Design/Specification

3.8.6.1 Trustees. Responsibility: General oversight of project design and specifications. **Duties:** Award and execute design contract according to Nevada Revised Statutes. Review and accept regulatory permit conditions on construction projects, if \$50,000 or more.

3.8.6.2 General Manager. Responsibilities: Ensure design and specifications correlate to defined capital project. **Duties:** Approve design methods and team. Provide guidance to Project Manager during design. Review and approve final design/specification reports on projects. Review and accept regulatory permit conditions.

3.8.6.3 Project Manager. Responsibility: Administration, detailed oversight and design functionality. **Duties:** Prepare scope of services and requests for proposals for design services. Administer selection process for design team. Prepare design contracts. Recommend for award and execute design contracts. Assemble cost estimates; prepare project budget and budget revisions. Prepare project schedule and schedule revisions. Approve project budget and budget revisions. Approve project schedule and schedule revisions. Establish, execute, and administer arrangements for surveys, analysis, environmental



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studies, and other forms of technical support. Supervise designers. Establish functional and performance requirements. Coordinate activities of designers with the balance of the technical team, and operating staff. Present major design alternatives and issues. Provide direction to on major design alternatives and issues. Review and approve ongoing design reports and documents. Sign all regulatory permits and permit applications. Review, approve, and correct ongoing design reports and documents, including all technical specifications. Prepare construction contract forms. Assemble and submit regulatory permit applications and coordinate regulatory process. Approve all requests for payment.

3.8.6.4 Designer Duties: Analysis of design alternatives. Preparation of plans and specifications. Preparation of support material for permit applications, and other contract documents. Coordination of various members of the design team. Preparation of cost estimates.

3.8.7.0 Construction/Acquisition

3.8.7.1 Trustees. Responsibility: General oversight of contract awards, major payments and acceptance of capital assets constructed or acquired. **Duties:** Award and execute construction/acquisition contract according to Nevada Revised Statutes. Approve change orders cumulatively exceeding 10% of construction contract or \$50,000, whichever is the greater.

3.8.7.2 General Manager. Responsibility: Ensure contracts and requests for payments submitted to the Board of Trustees for approval meet the



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requirements outlined in the Capital Improvement Project Budget. **Duties:** Approve change orders cumulatively not exceeding 10% of construction contract or \$50,000. Upon substantial completion, approve release of retention for Construction projects.

3.8.7.3 Project Manager Responsibility: Detailed oversight. **Duties:** Recommend award and execute construction/acquisition contracts. Recommend approval of change orders. Recommend release of retention to General Manager and Board of Trustees. Recommend approval of the final payment. Administer bid process. Recommend contract award. Coordinate final contract preparation, including insurance, bonding, and certificates. Establish, administer and execute arrangements for inspection and testing. Supervise construction representatives. Review all inspection, testing and construction observation reports. Serve as District's representative to contractor and regulatory agencies. Approve all shop drawings. Approve requests for equals. Approve all certificates for payment. Update construction schedule.

3.8.7.4 Construction Representative. Duties: Observe construction and testing. Prepare construction observation reports. Advise Project Manager of deficiencies when noted. Notify Project Manager of deviations from plans and specifications. Prepare and execute notice to proceed.



Recreation Roll Policy

Policy 16.1.1

The Incline Village General Improvement District is committed to providing superior community oriented recreation programs and facilities to the community. To support that commitment, the Board of Trustees has adopted the following policy relating to the establishment and eligibility to pay the Recreation Fee and, where applicable, the Beach Fee

POLICY: The Incline Village General Improvement District will charge the prescribed Recreation Fee and the Beach Fee to all qualifying real properties within the boundaries of the District.

1.0 The Incline Village General Improvement District will charge the prescribed Recreation Fee, and if applicable the Beach Fee, to all qualifying real properties in one of the following categories:

1. All dwelling units on developed residential parcels;
2. All commercial parcels; and
3. All undeveloped residential parcels which are not designated as unbuildable.

2.0 Definitions

1. Recreation Fee is the annual Recreation Standby and Service Charge assessed by the District on all real property within the District that is in one of the categories listed in Section 1.0 of this document.
2. Beach Fee is the annual Recreation Standby and Service Charge assessed by the District on all identified real property that was within the District on June 1, 1968, and is in one of the categories listed in Section 1.0 of this document.
3. Recreation Roll is a listing created by the Incline Village General Improvement District of real property, using the Washoe County Assessor parcel number, that is in one of the categories listed in 1.0 of this document who pay the annual Recreation Fee, and where applicable the Beach Fee.
4. Dwelling Unit as described in the Washoe County Code as "any building or portion thereof, which contains living facilities with provisions for sleeping, eating, cooking, and sanitation."
5. Qualified Real Property is property subject to payment of a Recreation Fee.
6. Exempt Real Property is real property that is located within the current geographic boundaries of the District but which Washoe County has exempted from paying Washoe County property tax. "Exempt Real Property" includes but is not limited to, real property that is used or intended for use for religious or educational purposes, condominium and town house common areas that do not include any Dwelling Units, and publicly owned property.



Recreation Roll Policy

Policy 16.1.1

A. The owner of a Dwelling Unit that is both located on an Exempt Real Parcel and is occupied as a residence in support of the allowed use by the Exempt Real Parcel may apply to the District to place that Dwelling Unit on the Recreation Roll. Upon (a) acceptance by the District of such application and (b) receipt of payment of the prescribed annual Recreation Fee, and if applicable, the Beach Fee, the Dwelling Unit shall be considered to be Qualified Real Property; but only for so long as the ownership and use of such does not change materially.

7. Unbuildable Parcel is a parcel so classified by Washoe County and is listed in Category 16 or 17 by the Washoe County Assessor, and has been removed from the Recreation Roll by the District following the owner's petition.

3.0 Qualifying Real Properties Subject to Fee Assessments

1. Real property in one of the categories listed in Section 1.0 that was within the boundaries of the District when it acquired the beach properties on June 1, 1968. These properties are charged the annual Recreation Fee and charged the annual Beach Fee.
2. Where real property parcels have been split for development purposes, the resulting smaller parcels are considered to have the same qualifications as the original parcel.

4.0 Real Property Exempt from Paying Fee Assessments

1. When development takes place that results in new parcels or additional dwelling units, each new parcel or dwelling unit becomes a Qualified Real Property and is placed on the Recreation Roll.
2. Information contained on the Washoe County Assessor's "Real Property Assessment Data" sheets will be used to determine eligibility for a property to be classified as a Qualified Real Property.
3. Qualified Real Property that is added to the Recreation Roll as a result of conditions listed in paragraph 1 or 2 above, or by annexation or merger of territory to the District may be required to pay to the District an entry fee as established by the District based on the portion of the Recreation Fee and Beach Fee that was used for capital purposes.



Recreation Roll Policy

Policy 16.1.1

5.0 Reinstatement to the Recreation Roll

1. An unbuildable parcel that has been removed from the Recreation Roll by petition can be restored to the Recreation Roll, and thereby have recreation privileges restored by first paying the total amount of recreation and, if applicable Beach Fees that had been have levied since the parcel was taken off the Recreation Roll, plus any fees or penalties permitted by the State of Nevada as defined in Nevada Revised Statute (NRS) 99.040(1).
2. An exempt parcel not on the Recreation Roll may obtain a qualified status if the general plan and zoning designation of the property is changed by Washoe County, according to the provision of NRS and Washoe County Code.

6.0 Setting and Collection of the Recreation Fee and the Beach Fee

1. The Board of Trustees will set the amount of the Recreation Fee and the Beach Fee annually as part of the budget preparation process.
2. The Board of Trustees will set the method and manner of collection of the Recreation Fee and the Beach Fee annually by resolution.
 - A. The Board of Trustees may choose to follow the procedure set forth in NRS 318.201 and have the Recreation and Beach Fees collected annually by the Washoe County Treasurer along with other taxes collected by the County.
3. When the applicable Recreation Fee has been paid, such payment entitles the owner to certain uses and rates at certain District-owned recreation facilities, excluding the Beaches and Boat Launch. This is defined more fully in District Ordinance #7.
4. When the applicable Beach Fee has been paid, such payment entitles the owner to certain uses and rates at the District-owned Beaches and Boat Launch. This is defined more fully in District Ordinance #7.

7.0 Flow Chart of Policy 16.1.1



**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.



**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).



Budgeting and Fiscal Management Appropriate Level of Working Capital Policy 19.1.0

POLICY. The District will maintain a formal practice on the level of working capital that should be maintained in the Enterprise (Utility) Fund.

Enterprise Funds distinguish between current and non-current assets and liabilities. It is possible to take advantage of this distinction to calculate Working Capital (i.e., current assets less current liabilities). The measure of working capital indicates the relatively liquid portion of total Enterprise Fund capital, which constitutes a margin or buffer for meeting obligations. It is essential that the District maintain adequate levels of working capital in its Enterprise Funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees. Working Capital is a crucial consideration, too, in long-term financial planning. Credit rating agencies consider the availability of working capital in their evaluations of continued creditworthiness. Likewise, laws and regulations may speak to appropriate levels of working capital for some Enterprise Funds.

The Government Finance Officers Association (GFOA) recommends that local governments adopt a target amount of working capital to maintain in each of their Enterprise Funds. The District's targets will be formally described in the Practice as adopted and amended as needed.

Working capital is defined as current assets minus current liabilities; the District will consider certain characteristics of working capital that affect its use as a measure. Specifically, the "current assets" portion of working capital includes assets or resources that are reasonably expected to be realized in cash (e.g., accounts receivable) or consumed (e.g., inventories and prepaid expenses) within a year.

Stability of revenues and expenses are also considerations for an accurate calculation of working capital. The District will consider the adequacy of Working Capital in its Enterprise Funds during each annual budget process. The majority of such consideration will be established by the predictability of the revenues to be received from users. Building Working Capital in the Enterprise Funds is an acknowledged purpose in response to revenue shortfalls and unanticipated expenditures, debt service requirements and planning for capital expenditures.



**Budgeting and Fiscal Management
Appropriate Level of Working Capital
Policy 19.1.0**

The District employs the term “Net Position” for Enterprise Funds, calculated in accordance with Generally Accepted Accounting Principles (GAAP). Financial reporting distinguishes Restricted from Unrestricted Net Position. Typically, only the latter is available for spending. Working Capital for operating needs should be sourced from Unrestricted Net Position. The District has debt service and capital expenditure needs that extend beyond one year. Therefore, amounts outside of the calculation of Working Capital may develop for those purposes. As such these may also be considered elements of both Restricted and Unrestricted Net Position.



Budgeting and Fiscal Management Appropriate Level of Working Capital Practice 19.2.0

- Management plans for Working Capital including any inherent affects of Restricted Net Position or items extending beyond one year that would normally not be covered by Working Capital.
- Debt Service or Multi-Year Capital Plan needs identified as current requirements.

2.0 Definition of Target amounts for Working Capital as measured each Fiscal Year End

Utilities

Operations – 45 to 90 days of operating expenses**

Debt Service – up to one year's payments of interest expense, since current maturities of long term debt are already considered in determining working capital, when classified as a current liability.

Capital Expenditure – up to 1 year of a 3 year average depreciation

** Operating expense excludes depreciation and interest.

3.0 Other Accumulation of Resources

The District may accumulate other resources in support of Debt Service or the Multi-Year Capital Plan in addition to Working Capital since these needs extend beyond the measurement period of one year.



RESOLUTION NO. 1880

A RESOLUTION OF INTENT TO INITIATE PROCESS TO TRANSITION THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FROM USE OF GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS TO USE OF PROPRIETARY TYPE - ENTERPRISE FUNDS FOR FOR THE DISTRICT'S COMMUNITY SERVICES AND BEACH FUNDS BEGINNING WITH THE FISCAL YEAR 2021/2022 BUDGET

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

WHEREAS, on December 10, 2014, the Board of Trustees directed Staff to apply for approval of the District's Fiscal Year 2015/2016 budget by the Nevada Department of Taxation utilizing Special Revenue, Capital Projects and Debt Service Fund accounting for Community Services and the Beach Funds; and

WHEREAS, the District, upon a determination by the Nevada Department of Taxation that the Fiscal Year 2015/2016 budget was found to be in compliance with NRS 354.598 by the Nevada Department of Taxation; and

WHEREAS, the District has continued to utilize Governmental Fund Type Special Revenue funds for its Community Services Funds and Beach Fund, since Fiscal Year 2015/2016 through and including preparation of the District's Fiscal Year 2020/2021 budget; and:

WHEREAS, the District has determined that a transition back to use of Proprietary Fund Type Enterprise Funds for its Community Services Funds and Beach Fund is consistent with the desired intent of the business-like operations of the District; and

WHEREAS, the Nevada Department of Taxation has provided guidance as to the process required for formally request consideration by the Department of Taxation of the District's request; and

WHEREAS, the initial step in the process is for the Board of Trustees to adopt a Resolution of Intent to be submitted to the Nevada Department of Taxation;

NOW, THEREFORE, IT IS ORDERED, as follows:

1. Incline Village General Improvement District expresses its intent to transition to the use of Proprietary Fund Type -Enterprise Funds for



RESOLUTION NO. 1880

A RESOLUTION OF INTENT TO INITIATE PROCESS TO TRANSITION THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FROM USE OF GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS TO USE OF PROPRIETARY TYPE - ENTERPRISE FUNDS FOR FOR THE DISTRICT'S COMMUNITY SERVICES AND BEACH FUNDS BEGINNING WITH THE FISCAL YEAR 2021/2022 BUDGET

its Community Services Funds and Beach Fund beginning in Fiscal Year 2021/2022.

2. Incline Village General Improvement District has determined that use of Proprietary Fund Type Enterprise Funds for its Community Services Funds and Beach Fund is consistent with the desired intent of the business-like operations of the Incline Village General Improvement District.
3. Incline Village General Improvement District Board of Trustees, through adoption of this Resolution, directs Staff to initiate the process for consideration of approval of the requested change by the Nevada Department of Taxation.
4. Incline Village General Improvement District Board of Trustees further directs Staff to prepare and develop the necessary documents, reports and concurrence letters, as may be required by the Nevada Department of Taxation in support of this request.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 27th day of May, 2020, by the following vote:

AYES, and in favor thereof, Trustee Kendra Wong, Tim Callicrate, Natthew Dent, Sara Schmitz, and Peter Morris

NOES, None
ABSENT, None

/s/ Kendra Wong
Kendra Wong
Secretary, IVGID Board of Trustees



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

WHEREAS, pursuant to Nevada Administrative Code (NAC) Section 354.241, a local government is required to adopt a Resolution to create a fund types covered by Nevada Revised Statute 354.624 5 (a); and

WHEREAS, the District Community Services and Beach Funds provides services as defined under Nevada Revised Statute (NRS) 318, which in effect requires the use of those Fund's fund balance for a specific purpose; and

WHEREAS, on December 10, 2014, the Board of Trustees directed staff to apply for approval of the District's 2015-16 budget by the Nevada Department of Taxation utilizing Special Revenue, Capital Projects and Debt Service Fund accounting for Community Services and the Beach Funds; and

WHEREAS, the District expects to receive notice that its budget is found to be in compliance with NRS 354.598 by the Nevada Department of Taxation.

NOW, THEREFORE, IT IS ORDERED, as follows:

1. Effective July 1, 2015 the Incline Village General Improvement District, Nevada shall establish the governmental fund type Special Revenue, Capital Projects and Debt Service Funds for use by its Community Services and Beach Funds.
2. The table on the last page of this Resolution contains the required elements 1-4 and 6-7 under NAC 354.241, element 5 is met by the existing fund balance of the affected funds.



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 21st day of May, 2015, by the following vote:

AYES, and in favor thereof, Trustees: Jim Smith, Kendra Wong, Bill Devine, and Jim Hammerel

NOES, Trustees: Trustee Callicrate

ABSENT, Trustees: None

/s/ Jim Hammerel

Jim Hammerel
Secretary, IVGID Board of Trustees



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

| Fund Name | Purpose | Source of Revenues | Short-term Expenditures | Long-term Expenditures | Plan for Fund Balance | Adequacy of Fund Balance |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Community Services – Special Revenue | Recreational activities conducted by the District under NRS 318, other than Beach locations | User fees, stand by charges, rents, grant, investment earnings and other income | Operating expenditures to provide recreational activities | Transfers out to capital purchases and debt service to support recreational activities | Meet the minimum necessary to maintain District recreational activities | Consider the District's Board Policy on Appropriate Level of Fund Balance |
| Community Services – Capital Expenditure | Capital expenditures related to recreational activities conducted by the District under NRS 318, other than Beach locations | Sales of coverage and capital assets and transfers from the Community Services Special Revenue Fund | Operating expenditures related to Community Services capital expenditures | Capital purchases to support Community Services recreational activities | Meet the minimum necessary to execute Community Services capital purchases | Consider the District's Board Policy on Appropriate Level of Fund Balance |
| Community Services – Debt Service | Debt service expenditures related to recreational activities conducted by the District under NRS 318, other than Beach locations | Transfer from the Community Services Special Revenue Fund | Operating expenditures related to Community Services debt service expenditures | Debt service expenditures to support Community Services recreational activities | Meet the minimum necessary to execute Community Services debt service expenditures | Consider the District's Board Policy on Appropriate Level of Fund Balance |
| Beach – Special Revenue | Recreational activities conducted by the District under NRS 318 for Beach locations | User fees, stand by charges, rents, grant, investment earnings and other income | Operating expenditures to provide Beach recreational activities | Transfers out to capital purchases and debt service to support Beach recreational activities | Meet the minimum necessary to maintain District Beach recreational activities | Consider the District's Board Policy on Appropriate Level of Fund Balance |
| Beach – Capital Expenditure | Capital expenditures related to recreational activities conducted by the District under NRS 318 for Beach locations | Sales of coverage and capital assets and transfers from the Beach Special Revenue Fund | Operating expenditures related to Beach capital expenditures | Capital purchases to support Beach recreational activities | Meet the minimum necessary to execute Beach capital purchases | Consider the District's Board Policy on Appropriate Level of Fund Balance |
| Beach – Debt Service | Debt service expenditures related to recreational activities conducted by the District under NRS 318 for Beach locations | Transfer from the Beach Special Revenue Fund | Operating expenditures related to Beach debt service expenditures | Debt service expenditures to support Beach recreational activities | Meet the minimum necessary to execute Beach debt service expenditures | Consider the District's Board Policy on Appropriate Level of Fund Balance |