

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Paul Navazio
Director of Finance

SUBJECT: Presentation and discussion about punch card utilization and accounting – laying the foundation for a special meeting of the Board of Trustees at a future date

DATE: July 10, 2020

I. RECOMMENDATION

That the Board of Trustees make a motion to set a date and time for a future Special Meeting of the Board of Trustees to review, discuss and provide direction on possible modifications to current practices related to Punch Card utilization and accounting.

II. BACKGROUND

Ordinance No. 7, last amended on March 25, 1998, establishes rates, rules and regulations for Recreation Passes and Recreation Punch Cards utilized by the District to provide recreation privileges, recreation access or special rates to property owners and/or their assignees, as defined.

The District utilizes two primary vehicles for parcel owners (and/or their assignees) to access recreational facilities as well as access to special rates or discounts for District-owned facilities and programs. These are defined as Recreation Passes (or Picture Passes) and Recreation Punch Cards (Punch Cards).

Parcel owners are assessed an annual Recreation Fee (or Recreation Standby and Service Charge) to finance recreation programs and facilities via separate Recreation Facility Fee and Beach Facility Fee. Parcels within the District who enjoy beach privileges are assessed annually for both the Recreation Facility Fee

and the Beach Facility Fee. Those parcels within the District that are not entitled to beach access are assessed annually for the Recreation Facility Fee only.

In turn, each year, property owners (and/or their assignees) are afforded up to five Recreation (Picture) Passes, five Recreation Punch Cards, or any combination thereof. Picture Passes are non-transferable photo identification passes issued by the District that entitles holders to free beach access (if so entitled) as well as discounted rates for access to other facilities and programs. A Recreation Punch Card is a transferable punch card issued by the District to property owners and/or assignees that can be used to pay the difference between the resident rate and the nonresident rate for access to various District facilities and programs. Punch Cards bear a face value established by the Board, and is currently 1/5 (one-fifth) of the Recreation Facility Fee and, if applicable, Beach Facility Fee.

Each year, the District budgets for the revenues collected from Facility Fees collected from all property owners within the District (as a funding source for the original allocation of five Picture Passes and/or Punch Cards), revenues collected from the sale of additional Picture Passes and Punch Cards, and revenues from Charges for Services paid by customers accessing District facilities and programs. These funding sources (along with use of available fund balances) are used to support annual District expenditures for operations, capital projects and debt.

The District's annual budget also includes estimates of the anticipated level of utilization of Picture Passes and Punch Cards and the District's accounting system and practices is designed to track actual utilization in the form of Property Owner Allowances (for Picture Passes) and Punch Card Utilization (for Punch Cards).

The goal of the District's budget, accounting and financial reporting practices is to a) budget for the sources of funds supporting District operations, capital and debt; b) accurately reflect the utilization of Recreation Passes and Punch Cards used by property owners, their assignees and guests; and c) ensure proper alignment between revenues budgeted and collected from the "purchase" of punch cards with the revenues recorded at the time that punch cards are utilized.

At the request of the Board of Trustees, a presentation has been prepared for tonight's meeting to provide background information related to the budgeting, utilization and accounting for Punch Cards so as to inform a future Special Meeting required to cover these topics in more detail and, in turn, inform Board

direction to Staff related to any desired modifications to the District's current practices related to implementation of Ordinance 7.

Presentation Outline

- Ordinance 7 – Access to District Facilities and Programs
 - Recreation Passes & Punch Cards
 - Passes / Cards WITH Beach Access and WITHOUT Beach Access
 - Other Methods of Accessing District Facilities and Programs
- Recreation Facility Fee and Beach Facility Fee
- Budgeting for Recreation Passes and Punch Cards
- Accounting for Recreation Passes and Punch Cards
- Issues and Concerns related to Current Practices
- Options for Addressing Issues/Concerns and Improving Budgeting and Accounting practices

Attachment:

Presentation: Punch Card Utilization and Accounting





Punch Cards

UTILIZATION AND ACCOUNTING

Board of Trustees - June 30, 2020
Presented by Director of Finance Paul Navazio

Outline

1. Ordinance 7 – Access to District Facilities and Programs
 2. Recreation Facility Fee and Beach Facility Fee
 3. Budgeting for Recreation Passes and Punch Cards
 4. Accounting for Recreation Passes and Punch Cards
 5. Issues and Concerns Related to Current Practices
 6. Options for Addressing Issues/Concerns & Improving Budgeting and Accounting Practices
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Ordinance 7 *(as amended March 1998)*

Ordinance 7 (last amended March, 1998) establishes rates, rules and regulations established by the District to provide recreation privileges, recreation access or special rates to property owners and/or their assignees and guests.

Ordinance 7 provides for two PRIMARY vehicles for parcel owners (and/or their assignees) to access recreational facilities as well as access special rates or discounts for District-owned facilities and programs:

Recreation Passes (Picture Passes)

Recreation Punch Cards (Punch Cards)

Ordinance 7 (as amended March 1998)

Property Owners are Assessed an Annual Recreation Fee (or **Recreation Standby and Service Charge** to finance recreation programs and facilities via separate fees:

FY 2019/20	# PARCELS ASSESSED		
	WITH Beach Access	NO Beach Access	IVGID
<i># of Parcels</i>	7748	455	8203
Recreation Facility Fee	\$705	\$705	\$ 5,783,115
Beach Facility Fee	<u>\$125</u>	<u>N/A</u>	<u>\$ 968,500</u>
	\$830	\$705	\$ 6,751,615

Ordinance 7 *(as amended March 1998)*

In “exchange” for payment of Recreation Facility Fees and Beach Facility Fees. Property owners (and/or their assignees) are afforded the opportunity to receive UP TO FIVE Recreation (Picture Passes), Recreation Punch Cards (Punch Cards), OR ANY COMBINATION THEROF.

Picture Passes -

Non-Transferable Picture Identification

Provides for Beach Access at No Charge

Discounted Rates at District Facilities and Programs

Recreation Punch Cards -

Transferable Punch Card

★ *Used to Pay DIFFERENCE Between Resident Rate(s) and Non-Resident Rate(s)*

Bear a FACE VALUE established by the Board (currently 1/5 for Recreation Facility Fee and (if applicable) Beach Facility Fee

Ordinance 7 *(as amended March 1998)*

Other methods available to property owners, their assignees and guests to access District Facilities and programs include:

Additional Recreation Picture Passes*

- ★ **Additional Recreation Punch Cards* - *NOT VALID FOR USE AT GOLF FACILITIES***
- ★ **Day Passes**

** Additional Picture Passes and Punch Cards can be purchased for 1/5 of applicable Recreation Facility Fee and Beach Facility Fee and are distinguished between BEACH ACCESS and NO BEACH ACCESS*

Recreation Facility Fee and Beach Facility Fee

Annually, the District budgets for the revenues collected from:

- Facility Fees* collected from all property owners
- Revenues collected from the sale of Additional Picture Passes and Punch Cards
- Revenues from Charges for Services paid by customers accessing District Facilities and programs.

** The Facility Fee(s) paid represent the funding source for the original allocation of Picture Pass and Punch Cards* ✦

Combined, these funding sources are used to support annual District expenditures for operations, capital projects and debt service.

Budgeting for Recreation Passes and Punch Cards

		FACILITY FEE									
		Community Services							Beaches		
		Recreation Facility Fee				\$ 705	Beach Facility Fee			\$ 125	
Fund	Venue	320 Golf-Champ	320 Golf -Mtn	330 Facilities	340 Ski	350 Rec	360 Admin	370 Parks	380 Tennis	TOTAL CS	390 Beaches
Budget Allocation	Operations	21	40	16	-200	143	127	89	14	\$ 250	\$ 85
	Capital						405			405	39
	Debt						50			50	1
		21	40	16	-200	143	582	89	14	\$ 705	\$ 125



Budgeting for Recreation Passes and Punch Cards

FACILITY FEE										
Community Services										Beaches
Recreation Facility Fee										Beach Facility Fee
\$ 705										\$ 125
Fund Venue	320 Golf-Champ	320 Golf -Mtn	330 Facilities	340 Ski	350 Rec	360 Admin	370 Parks	380 Tennis	TOTAL CS	390 Beaches
Facility Fee Revenues	976,157	689,052	524,992	(336,323)	1,574,976	1,164,826	992,563	196,872	5,783,115	968,500
Allocation of Fees	172,263	328,120	131,248	(1,640,600)	1,173,029	4,774,146	730,067	114,842	5,783,115	
Adjustments/Transfers*	803,894	360,932	393,744	1,304,277	401,947	(3,609,320)	262,496	82,030	-	
BUDGETED FEE REVENUES	\$ 976,157	\$ 689,052	\$ 524,992	\$ (336,323)	\$ 1,574,976	\$ 1,164,826	\$ 992,563	\$ 196,872	\$ 5,783,115	\$ 968,500

* Represent re-allocation of Recreation Facility Fee Revenues for:

Ski Venue Fee and Charges for Services Re-Allocated to Other Venues

Tranfers IN/OUT for Community Services Administration (Fund 360) for Capital Project and Debt Service

Annual Punch Card Utilization (FY2018/19)

Sum of Net Amt	Posting Date												POS Sub-System	
	2018						2019						Vermont	
Venue	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Vermont	
Beach	223,877.00	145,762.00	55,118.00	926.00			(94.00)				5,723.00	178,410.00	609,722.00	
Golf Champ	7,068.00	8,466.50	4,541.00	2,117.00							210.00	2,757.00	25,159.50	
Golf Merchandise	5.00												5.00	
Golf Mountain	2,290.00	2,031.00	1,297.00	261.00						23,120.29	96,514.04	371.00	125,884.33	
Recreation	79.00	119.00	115.00	70.00	99.00	208.00	109.00	60.00	60.00	85.00	51.00	89.00	1,144.00	
Tennis	5.00									2,651.60	12,415.80	25.00	15,097.40	
Vermont	233,324.00	156,378.50	61,071.00	3,374.00	99.00	208.00	15.00	60.00	60.00	25,856.89	114,913.84	181,652.00	777,012.23	
RTP						Dec	Jan	Feb	Mar	Apr			RTP	
						51,545.00	47,715.00	33,922.00	51,009.00	16,263.00			200,454.00	
Total POS	233,324.00	156,378.50	61,071.00	3,374.00	99.00	51,753.00	47,730.00	33,982.00	51,069.00	42,119.89	114,913.84	181,652.00	977,466.23	
													<i>Less Add'l. PC</i>	<i>(10,979.00)</i>
													<i>Mtn / Tennis Credits</i>	<i>(87,505.40)</i>
														878,981.83

Annual Punch Card Utilization (FY2018/19)

Fund Venue	Community Services									Beaches	Combined
	320 Golf-Champ	320 Golf -Mtn	330 Facilities	340 Ski	350 Rec	360 Admin	370 Parks	380 Tennis	TOTAL CS	390 Beaches	
BUDGETED FEE REVENUES	\$ 976,157	\$ 689,052	\$ 524,992	\$ (336,323)	\$ 1,574,976	\$ 1,164,826	\$ 992,563	\$ 196,872	\$ 5,783,115	\$ 968,500	\$ 6,751,615
Punch Card Utilization											
Charges for Services	\$ 24,812	\$ 55,644		\$ 200,380	\$ 1,128			\$ 6,662	\$ 288,626	\$ 590,356	\$ 878,982
Equivalent # of Cards (\$/166)	149.5	335.2		1207.1	6.8			40.1	1738.7	3556.4	5295.1



Accounting for Recreation Passes and Punch Cards

FISCAL YEAR 2019-20			
	NO Beach	Beach	
Facility Fee - Community Services	705	705	85%
Facility Fee - Beach		125	15%
	\$ 705	\$ 830	100%
Punch Card Value	\$ 141	\$ 166	
5 x Punch Cards	\$ 705	\$ 830	

FISCAL YEAR 2020-21			
	NO Beach	Beach	
Facility Fee - Community Services	330	330	40%
Facility Fee - Beach		500	60%
	\$ 330	\$ 830	100%
Punch Card Value	\$ 66	\$ 166	
5 x Punch Cards	\$ 330	\$ 830	

Accounting for Recreation Passes and Punch Cards

				Total					
				Golf	CS Admin	Comm	Beach	ALL	
				Fund 320	Fund 360	Services	Fund 390	FUNDS	
Example 1	Resident purchases round of golf with Picture Pass								
		Debit	Credit	Operating Sources and Uses					
320	31	400	4205	Admissions and Fees				175	
320	31	400	4240	Parcel Owner Allowance	100			(100)	
925	00	00	0101	Cash	75				
		175	175						
				Charges for Service	75		75	75	
				Admissions & Fees	175		175	175	
				Parcel Owner Allowance	(100)		(100)	(100)	
				Punch Card Utilization		(85)	(85)	(85)	
				Punch Card Utilization			(15)	(15)	
				Charges for Service	175	(85)	90	(15)	75
Example 2	Resident purchases round of golf with Punch Card (WITH Beach Access)								
		Debit	Credit	Operating Sources and Uses					
320	31	400	4205	Admissions and Fees				175	
320	31	400	4240	Parcel Owner Allowance					
360	49	490	4295	Punch Card Utilization	85			(85)	
390	39	990	4295	Punch Card Utilization	15			(15)	
925	00	00	0101	Cash	75				
		175	175						
				Charges for Service	175	(85)	90	(15)	75
				Admissions & Fees	175		175	175	
				Punch Card Utilization		(100)	(100)	(100)	
				Punch Card Utilization				-	
				Charges for Service	175	(100)	75	-	75
Example 3	Resident purchases round of golf with Punch Card (NO Beach Access)								
		Debit	Credit	Operating Sources and Uses					
320	31	400	4205	Admissions and Fees				175	
320	31	400	4240	Parcel Owner Allowance					
360	49	490	4295	Punch Card Utilization	100			(100)	
390	39	990	4295	Punch Card Utilization					
925	00	00	0101	Cash	75				
		175	175						
				Charges for Service	175	(100)	75	-	75
				Admissions & Fees	175		175	175	
				Punch Card Utilization		(100)	(100)	(100)	
				Punch Card Utilization				-	
				Charges for Service	175	(100)	75	-	75



Example 4 Resident Accesses Beach with Picture Pass

				Golf	CS Admin	Comm	Beach	ALL
				Fund 320	Fund 360	Services	Fund 390	FUNDS
				Debit	Credit			
390	31	400	4205	Admissions and Fees	12		12	12
390	31	400	4240	Parcel Owner Allowance	12		(12)	(12)
925	00	00	0101	Cash				
				12	12			
				Operating Sources and Uses				
				Admissions & Fees		-	12	12
				Parcel Owner Allowance		-	(12)	(12)
				Charges for Service	-	-		-



Example 5 Resident Accesses Beach with Punch Card (WITH Beach Access)

				Total				
				Golf	CS Admin	Comm	Beach	ALL
				Fund 320	Fund 360	Services	Fund 390	FUNDS
				Debit	Credit			
390	39	400	4205	Admissions and Fees	12		12	12
320	31	400	4240	Parcel Owner Allowance				
360	49	490	4295	Punch Card Utilization	10.20	(10.20)		(10.20)
360	39	990	4295	Punch Card Utilization	1.80		(1.80)	(1.80)
925	00	00	0101	Cash				
				12	12			
				Operating Sources and Uses				
				Admissions & Fees	-	-	12	12
				Punch Card Utilization	(10.20)	(10.20)		(10.20)
				Punch Card Utilization			(1.80)	(1.80)
				Charges for Service	-	(10.20)	10.20	-



Example 6 Resident Accesses Beach with Punch Card (NO Beach Access)

				Total				
				Golf	CS Admin	Comm	Beach	ALL
				Fund 320	Fund 360	Services	Fund 390	FUNDS
				Debit	Credit			
320	31	400	4205	Admissions and Fees				
320	31	400	4240	Parcel Owner Allowance				
360	49	490	4295	Punch Card Utilization				
360	39	990	4295	Punch Card Utilization				
925	00	00	0101	Cash				
				-	-			
				Operating Sources and Uses				
				Admissions & Fees				
				Punch Card Utilization				
				Punch Card Utilization				
				Charges for Service	-	-	-	-

Fund Venue	Community Services									Beaches	Combined
	320 Golf-Champ	320 Golf -Mtn	330 Facilities	340 Ski	350 Rec	360 Admin	370 Parks	380 Tennis	TOTAL CS	390 Beaches	
BUDGETED FEE REVENUES	\$ 976,157	\$ 689,052	\$ 524,992	\$ (336,323)	\$ 1,574,976	\$ 1,164,826	\$ 992,563	\$ 196,872	\$ 5,783,115	\$ 968,500	
Punch Card Utilization											
Charges for Services	\$ 24,812	\$ 55,644		\$ 200,380	\$ 1,128			\$ 6,662	\$ 288,626	\$ 590,356	\$ 878,982
Equivalent # of Cards (\$/166)	149.5	335.2		1207.1	6.8			40.1	1738.7	3556.4	5295.1
						Punch Card Offsets	\$ (288,626)			\$ (590,356)	
						★ Contra Accounts	(245,332) 85%			(43,294) 15%	
							(501,803) 85%			(88,553) 15%	
							(747,135)			(131,847)	

Punch Cards Utilized by Fund	7/1-6/30/18		7/1-6/30/19	
Community Services Fund	779,526.46	84.37%	757,433.26	86.17%
Beach Fund	144,425.14	15.63%	121,560.57	13.83%
	923,951.60	100.00%	878,993.83	100.00%

Punch Cards Purchases by Venue	7/1-6/30/18		7/1-6/30/19	
Diamond Peak Ski	109,352.41	11.84%	200,380.00	21.69%
Golf Champ	26,188.90	2.83%	24,812.03	2.69%
Golf Mountain	96,487.10	10.44%	55,644.64	6.02%
Recreation	605.92	0.07%	1,127.98	0.12%
Tennis	13.15	0.00%	6,672.45	0.72%
Total Community Services Fund	232,647.48	25.18%	288,637.10	31.24%
Beach Fund	691,304.12	74.82%	590,356.73	63.89%
Total Punch Card Purchases	923,951.60	100%	878,993.83	95%

Comm Srv Fund				
85% of Comm Serv Fund Purchases	197,750.36		245,341.54	
85% of Beach Fund Purchases	587,608.50		501,803.22	
	785,358.86		747,144.76	
Beach Fund				
15% of Comm Serv Fund Purchases	34,897.12		43,295.57	
15% of Beach Fund Purchases	103,695.62		88,553.51	
	138,592.74		131,849.07	
	923,951.60		878,993.83	



Issues & Concerns Related to Current Practices - (Selected)

TOPIC	Comments
✦ Different Treatment of Picture Passes and Punch Cards (Re - Valuation)	Ord. 7
✦ Different Accounting for Punch Cards WITH Beach Access vs NO Beach Access	POS Systems
✦ Different Accounting for ORIGINAL Punch Cards vs ADDITIONAL Punch Cards	Timing / Acct.
✦ Punch Cards Allowed for Use at Venues WITHOUT REGARD to Funding Used to Acquire	Fund Transfer
✦ Punch Card Accounting (Contra-Revenues) Seen as Fund Transfer btw CS and Beach Funds	Correct Above
✦ Timing of Recording Revenues from ORIGINAL Punch Cards (w/Facility Fee or at "Use?")	Pre-paid or Defer
✦ Are Picture Passes and Punch Cards a "Form of Payment" (<i>Cash Equivalent</i>) or Merely Entitle Holder to Discounts?	Policy
✦ Relates To Existing District Pricing Structure re "Property Owner Allowances" / PC Utilization Non-Resident Rate ("Rack Rate") Resident Rate (Discounted)	Drives Budgeting and Accounting
✦ Limitation of 3 rd -Party Point of Sale Software; lack integration with Parcel Master Database	PC Tracking

Options for Improving Budgeting and Accounting Practices

Modify District Pricing Structure to Establish Base Resident and Non-Resident Rates

- *Charges for Services to be Reflective of Different Rate “categories”*

Track Punch Card Valuation based on Allocation of Facility Fee Used to Acquire

- *Provide TWO Punch Cards for Residents WITH Beach Access with Restricted Use (CS vs Beach) – OR*
- *Track Value/Use for CS Facilities SEPARATE from Value / Use for Beach Facilities*

Eliminate Punch Cards as a “Form of Payment” – Transition to ID/ELEGIBILITY for Access at Resident Rates

- *Continue to Track Pass and Punch Card Utilization via Point-of-Sale (POS) Sub-systems*
- *NOT in General Ledger*

Eliminate Punch Card “Contra – Revenue” Accounting

- *Addresses a perceived “problem” without regard to rationale for current practice*

Next Steps

Consider Scheduling of Special Board of Trustees Meeting

Consider Timing relative to pending **Review / Update of Ordinance 7**

- Budgeting and Accounting FLOWS FROM how Picture Passes / Punch Cards are Acquired and Utilized

Consider Incorporating **Review of District Pricing Structure**

- ✦ Resident vs Non-Resident Pricing
- ✦ “Allowances” vs. “Discounts”
- ✦ Preserve ability to document “value” of Facility Recreation and Facility Beach Fee to Residents