

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Gerald W. Eick, CPA CGMA
Director of Finance

SUBJECT: Review, discuss, and possibly augment the District's Operating Budget for fiscal 2016-2017 by \$720,000, through the use of additional revenue of \$2,700,000 for Community Services Special Revenue Fund and by \$215,000 in revenue and expense for Internal Services for the current fiscal year, to cover additional expenses incurred providing a higher volume of services and to deal with consequences of extraordinary winter conditions.

STRATEGIC PLAN: Long Range Principle #2 – Finance
Long Range Principle #5 – Assets and Infrastructure

DATE: April 17, 2017

I. RECOMMENDATION

Staff recommends that the Board of Trustees makes a motion to:

1. Adopt Resolution 1859 augmenting the 2016-17 Incline Village General Improvement District Budget, including \$720,000 for the Community Services Special Revenue Fund and \$215,000 for the Internal Services Fund, by utilizing additional resources from the increased revenue of the Community Services Special Revenue Fund and the Internal Services Fund, for the express purpose of providing resources for costs incurred providing a higher volume service over that included in the May 2016 authorized budget, and to cover costs relative to care and condition of District assets following an extraordinarily harsh winter including flood and snowfall events.

Review, discuss, and possibly augment the District's Operating Budget for fiscal 2016-2017 by \$720,000, through the use of additional revenue of \$2,700,000 for Community Services Special Revenue Fund and by \$215,000 in revenue and expense for Internal Services for the current fiscal year, to cover additional expenses incurred providing a higher volume of services and to deal with consequences of extraordinary winter conditions.

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2. Authorize Staff to execute all documents and directing the District Clerk to file notice of the augmentation within the State of Nevada Department of Taxation Guidance.

II. DISTRICT STRATEGIC PLAN

Long Range Principle #2 – Finance – With allocated resources, equate service expectations and the capability to deliver.

- Comply with Nevada Revised Statutes and Administrative Code requirement for the budget process and document content.

Long Range Principle #5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation activities.

- The District will maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.

III. BACKGROUND

The District Community Services Special Revenue Fund contains the budget for most recreation venues. For the fiscal 2016-2017 budget year, the actual revenues have exceeded budget by at least \$2,700,000 largely due to the great ski season at the Diamond Peak Resort. Higher volumes of sales of items that relate to cost of goods sold, as opposed to admission fees, then create a higher volume of costs. The higher level of activity can affect more cost categories. The District's budget compliance is determined based upon total expenditures for the Fund. Compliance is not measured on the net result, nor automatic because there is more revenue. However, when more revenue provides the opportunity, the Board of Trustees need only make a finding and augment the budget for the additional costs as long as they are within the available resources.

IV. BID RESULTS

There is no bid requirement for this action.

Review, discuss, and possibly augment the District's Operating Budget for fiscal 2016-2017 by \$720,000, through the use of additional revenue of \$2,700,000 for Community Services Special Revenue Fund and by \$215,000 in revenue and expense for Internal Services for the current fiscal year, to cover additional expenses incurred providing a higher volume of services and to deal with consequences of extraordinary winter conditions.

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V. FINANCIAL IMPACT AND BUDGET

Augmentation of a fiscal budget is allowed when additional resources are available beyond those budgeted. Due to the substantial increase in skier visits and the related revenue, the Community Services Special Revenue Fund should end the year with additional revenues of approximately \$2,700,000. With the increase level of use and volume of customers comes additional labor and costs to deliver those services. The fiscal 2016-2017 budget was approved with scalability in mind. However, the scalability that has occurred realized increases well in excess of those authorized expenditures as necessary to comply with State Statutes. The amount of additional expenditures for the Community Services Special Revenue Fund is conservatively at \$720,000. The same fantastic winter conditions that have aided in having a great ski season have also caused the need for maintenance of our facilities. Many of the care and condition expenditures incurred to recover from the harsh winter, may be performed or administered by the Buildings Maintenance department of the Internal Services Fund. Therefore, the augmentation action includes \$215,000, adding both the revenue for work charged out and costs incurred to produce this work.

VI. ALTERNATIVES

The Board of Trustees could act to authorize different amounts of either revenue, expenditures or both. However, to not act at all would almost certainly set up the District for non-compliance for its fiscal 2016-2017 budget due to excess expenditure. Compliance is determined at the fund level against total expenditures. The cost of goods sold has already been incurred delivering the product or service. Those sales are included in the increased revenue. Returning District assets to their proper care and condition for use by the community is a basic function that must be maintained. It is also only reasonable to ask that be accomplished from revenue realized during the time the condition developed and not from future resources.

VII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Review, discuss, and possibly augment the District's Operating Budget for fiscal 2016-2017 by \$720,000, through the use of additional revenue of \$2,700,000 for Community Services Special Revenue Fund and by \$215,000 in revenue and expense for Internal Services for the current fiscal year, to cover additional expenses incurred providing a higher volume of services and to deal with consequences of extraordinary winter conditions.

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VIII. COMMENTS

The District has already completed an augmentation on March 23 that specifically dealt with one purchase. That augmentation is already on file with the State of Nevada. The revised budget for this action, will start from that augmentation and labeled as such on Form 4413LGF.

Form 4413LGF reflects only a total increase of expenditures of \$920,000 because approximately \$15,000 of the Internal Services Charges will be to funds that are not being augmented.



RESOLUTION NO. 1859

A RESOLUTION TO AUGMENT THE 2016-2017 BUDGET OF INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

WHEREAS, total resources of the Community Services Special Revenue Fund for the Incline Village General Improvement District were budgeted to be \$27,440,988 on July 1, 2016; and

WHEREAS, the total available resources are now determined to be \$30,140,988, and

WHEREAS, said additional unanticipated resources are as follows: \$2,700,000 in additional charges for services for operations of the Diamond Peak Ski Resort, and

WHEREAS, there is a need to apply \$920,000 of these excess resources in the **Community Services Special Revenue Fund** to expenditures arising from the higher volume of activity along with costs incurred from weather conditions, and

WHEREAS, the District's Internal Services Fund will manage the repair work and bill other funds for those services, in an estimated amount of \$215,000, which constitutes additional resources, and

WHEREAS, there is a need to apply the additional resources of the **Internal Services Fund** to repair expenditures in the amount of \$215,000,

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the **Incline Village General Improvement District** shall augment its 2016-2017 budget by appropriating \$920,000 of additional charges for services from the **Community Services Special Revenue** for uses in that fund, and shall augment its 2016-2017 budget by appropriating \$215,000 from the **Internal Services Fund** for uses in that fund. A detailed schedule (Form 4413LGF) for each fund is attached to this Resolution and by reference is made a part thereof.

IT IS FURTHER RESOLVED, that the District Clerk shall forward the necessary documents to the Department of Taxation, State of Nevada.

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 25th day of April, 2017, by the following vote:

- AYES, and in favor thereof, Trustees
- NOES,
- ABSENT,

Kendra Wong, Chairwoman
IVGID Board of Trustees

ATTEST By: _____
Susan A. Herron
IVGID District Clerk

**Incline Village General Improvement District Revised Budget for Fiscal 2016-2017
Based on Action by the Board of Trustees April 25, 2017**

REVENUES	AS AUGMENTED March 23, 2017 FINAL BUDGET	REVISIONS	REVISED REVENUE RESOURCES
Charges for Services			
Championship Golf Course	3,571,100	-	3,571,100
Mountain Golf Course	709,300	-	709,300
Facilities (Chateau & Aspen Grove)	280,100	-	280,100
Ski	7,482,600	2,700,000	10,182,600
Community Programming	1,242,000	-	1,242,000
Parks	54,400	-	54,400
Tennis	166,500	-	166,500
Punch Card Utilized	(517,500)	-	(517,500)
Facility Fee			
Championship Golf Course	679,106	-	679,106
Mountain Golf Course	441,828	-	441,828
Facilities (Chateau & Aspen Grove)	466,374	-	466,374
Ski	605,468	-	605,468
Community Programming	1,284,574	-	1,284,574
Parks	957,294	-	957,294
Tennis	147,276	-	147,276
Recreation Administration	1,390,940	-	1,390,940
Operating Grants	17,000	-	17,000
Cell Tower Leases	86,400	-	86,400
Interfund services (green spaces)	72,500	-	72,500
Intergovernmental (high sch. fields)	24,900	-	24,900

Schedule B - Community Services Special Revenue Fund
REVISED REVENUE SCHEDULE

**Incline Village General Improvement District Revised Budget for Fiscal 2016-2017
Based on Action by the Board of Trustees April 25, 2017**

REVENUES	AS AUGMENTED March 23, 2017 FINAL BUDGET	REVISIONS	REVISED REVENUE RESOURCES
SUBTOTAL REVENUE ALL SOURCES	19,162,160	2,700,000	21,862,160
OTHER FINANCING SOURCES			
Operating Transfers in (Sch T)			
From the General Fund	400,000	-	400,000
Investment earnings	24,000	-	24,000
Other			
SUBTOTAL OTHER FINANCING SOURCES	424,000	-	424,000
BEGINNING FUND BALANCE			
Reserved			
Unreserved	7,854,828	-	7,854,828
TOTAL BEGINNING FUND BALANCE	7,854,828	-	7,854,828
Prior Period Adjustments			
Residual Equity Transfers			
TOTAL AVAILABLE RESOURCES	27,440,988	2,700,000	30,140,988

Schedule B - Community Services Special Revenue Fund
REVISED REVENUE SCHEDULE

**Incline Village General Improvement District Revised Budget for Fiscal 2016-2017
Based on Action by the Board of Trustees April 25, 2017**

EXPENDITURE BY FUNCTION AND ACTIVITY	AS AUGMENTED March 23, 2017 FINAL BUDGET	REVISIONS	REVISED EXPENDITURES
Championship Golf Course			
Salaries and Wages	1,304,613	-	1,304,613
Employee Benefits	430,733	-	430,733
Services and Supplies	1,986,354	305,000	2,291,354
Mountain Golf Course			
Salaries and Wages	351,203	-	351,203
Employee Benefits	109,604	-	109,604
Services and Supplies	552,383	58,000	610,383
Facilities (Chateau & Aspen Grove)			
Salaries and Wages	74,879	-	74,879
Employee Benefits	44,213	-	44,213
Services and Supplies	326,718	30,000	356,718
Ski			
Salaries and Wages	2,352,951	-	2,352,951
Employee Benefits	883,185	-	883,185
Services and Supplies	3,052,115	481,000	3,533,115
Community Programming (incl Rec Ctr)			
Salaries and Wages	1,044,069	-	1,044,069
Employee Benefits	347,964	7,000	354,964
Services and Supplies	895,737	-	895,737
Parks			
Salaries and Wages	318,321	-	318,321
Employee Benefits	114,045	-	114,045
Services and Supplies	428,150	39,000	467,150
Tennis			
Salaries and Wages	143,883	-	143,883
Employee Benefits	26,141	-	26,141
Services and Supplies	102,201	-	102,201
Community Services Administration			
Salaries and Wages	132,428	-	132,428
Employee Benefits	44,264	-	44,264
Services and Supplies	174,322	-	174,322

Schedule B - Community Services Special Revenue Fund
REVISED EXPENDITURES

**Incline Village General Improvement District Revised Budget for Fiscal 2016-2017
Based on Action by the Board of Trustees April 25, 2017**

EXPENDITURE BY FUNCTION AND ACTIVITY	AS AUGMENTED March 23, 2017 FINAL BUDGET	REVISIONS	REVISED EXPENDITURES
SUBTOTAL EXPENDITURES	15,240,476	920,000	16,160,476
OTHER USES			
Contingency (not to exceed 3% of total expenditures)	450,000	-	450,000
Operating Transfers			
Comm. Serv. Cap. Projects (Fac. Fee)	2,618,240	-	2,618,240
Comm. Serv. Debt Serv. (Fac. Fee)	1,309,120	-	1,309,120
Comm. Serv. Cap. Proj. (Carry Over)	751,000	-	751,000
Comm. Serv. Cap. Proj. Champ. Golf Carts	448,000	-	448,000
SUBTOTAL OTHER USES	5,576,360	-	5,576,360
ENDING FUND BALANCE			
Reserved			
Unreserved	6,624,152	1,780,000	8,404,152
TOTAL ENDING FUND BALANCE	6,624,152	1,780,000	8,404,152
Prior Period Adjustments			
Residual Equity Transfers			
TOTAL FUND COMMITMENTS AND FUND BALANCE	27,440,988	2,700,000	30,140,988

Schedule B - Community Services Special Revenue Fund
REVISED EXPENDITURES

Incline Village General Improvement District Revised Fiscal 2016-2017 Budget
Based on Action by the Board of Trustees on April 25, 2017

PROPRIETARY FUND	As Approved May 18, 2016 FINAL BUDGET	REVISIONS	REVISED REVENUES AND EXPENSES
OPERATING REVENUE			
Charges for Services:			
Interfund:			
Fleet Services	970,100	5,000	975,100
Engineering	787,200	-	787,200
Building Maintenance	871,000	210,000	1,081,000
Workers Compensation	435,550	-	435,550
Total Operating Revenue	3,063,850	215,000	3,278,850
OPERATING EXPENSE			
Salaries & Wages	1,295,922	-	1,295,922
Employee Benefits	637,389	-	637,389
Services & Supplies	1,182,736	215,000	1,397,736
Utilities	10,500	-	10,500
Legal & Audit	9,000	-	9,000
Depreciation/Amortization	10,000	-	10,000
Total Operating Expense	3,145,547	215,000	3,360,547
Operating Income or (Loss)	(81,697)	-	(81,697)
NONOPERATING REVENUES			
Interest Earned	2,400	-	2,400
Property Taxes			
Subsidies			
Consolidated Tax			
Total Nonoperating Revenues	2,400	-	2,400
NONOPERATING EXPENSES			
Interest Expense			
Total Nonoperating Expenses	-	-	-
Net Income before Operating Transfers	(79,297)	-	(79,297)
Operating Transfers (Schedule T)			
In			
Out			
Net Operating Transfers	-	-	-
NET INCOME	(79,297)	-	(79,297)

Incline Village General Improvement District

SCHEDULE F-1 REVENUES, EXPENSES AND NET INCOME
FUND INTERNAL SERVICES

PROPRIETARY FUND	As Approved May 18, 2016 FINAL BUDGET	REVISIONS	REVISED STATEMENT OF CASH FLOWS
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	-	-	-
Receipts from Interfund Services	3,063,850	215,000	3,278,850
Payments to and for employees	(1,933,311)	-	(1,933,311)
Payment to vendors	(1,202,236)	(215,000)	(1,417,236)
a. Net cash provided by (or used for) operating activities	(71,697)	-	(71,697)
B. CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
b. Net cash provided by (or used for) noncapital financing activities	-	-	-
C. CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
c. Net cash provided by (or used for) capital and related financing activities	-	-	-
D. CASH FLOWS FROM INVESTING ACTIVITIES:			
Long Term Investments Sold or Matured	75,000	-	75,000
Investment Earnings	2,400	-	2,400
d. Net cash provided by (or used in) investing activities	77,400	-	77,400
NET INCREASE (DECREASE) in cash and cash equivalents (a+b+c+d)	5,703	-	5,703
CASH AND CASH EQUIVALENTS AT July 1, 2016	80,979	-	80,979
CASH AND CASH EQUIVALENTS AT June 30, 2017	86,682	-	86,682

Incline Village General Improvement District

SCHEDULE F-2 STATEMENT OF CASH FLOWS

FUND INTERNAL SERVICES