

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
General Manager

FROM: Paul Navazio
Director of Finance

SUBJECT: Review and discuss projected Fiscal Year 2019-20 Year-End Fund Balances and review and discuss possible next steps in designating funds in support of priority Capital Improvement Projects

DATE: July 22, 2020

I. RECOMMENDATIONS

That the Board of Trustees receive a report on the status of District's fund balances and direct Staff to return to the Board at the August 12 meeting with an action item to:

- a. Authorize the transfer of fund balances from the Community Services and Beach Special Revenue Funds to the Community Services and Beach Capital Project Funds; and
- b. Consider designating available fund balances in support of specific Board-priority capital improvement projects.

II. BACKGROUND

The FY2020-21 Final Budget adopted by the Board of Trustees at their meeting of May 27, 2020 was informed, in part, by estimates of revenues to be collected through the Facility Fees charged to property owners within the District, charges and fees for services paid by users of District facilities as well as estimates of available prior year fund balances to support District activities and capital projects.

The estimates of available prior year fund balances are necessarily based on projections of revenues and expenditures through the end of the fiscal year (FY2019-20). Not only do these estimates inform the development of the FY2020-21 budget, but they are also required to be published and reported to the State of Nevada, Department of Taxation, via the Annual Fiscal Report (Form 4409LGF). This information was published in the Tahoe Daily Tribune the week of July 3, 2020, with proof of publication provided to the State of Nevada (see attached).

Staff is currently in the process of processing the year-end close for Fiscal Year 2019-2020 (ended June 30, 2020) and as a result the actual revenue and expenses and resulting year-end fund balances have not yet been finalized. Staff anticipates having preliminary, unaudited, year-end results by mid-August, with the final audited financial results pending completion of the independent audit of the District's financial statements for the year ending June 30, 2020.

The Board of Trustees has expressed a desire to both review the District's year-end fund balances as well as discuss possible designation of available fund balances in support of priority capital projects included in the District's Five-Year Capital Improvement Plan beyond FY2020-21.

As the Board considers future actions to earmark fund balances for capital projects it is important to consider various options available to the Board for this purpose.

Re-establishment of Capital Funds for Community Services and Beach Funds.

In adopting the Final Budget for FY2020-21, the Board took action to re-establish separate Capital (and Debt) funds for its Community Services and Beach activities. The adopted budget thus included transfers of fund balances from the Community Services and Beach Special Revenue funds to support appropriations included in the FY2020-21 budget for Community Services and Beach Capital projects.

Staff is recommending that the Board provide direction to Staff to take the additional step of transferring additional fund balances that are currently reported within the Community Services and Beach Funds for future capital projects, so that all fund balances within the District's Special Revenue funds that have resulted from revenues collected to support capital projects (i.e. through Facility Fees for Capital Projects) be also transferred to their respective capital funds.

It should be noted that, in the past, the District would transfer year-end fund balances remaining in its various capital funds to the Special Revenue Fund fund balances. This Staff recommendation seeks to reverse these past transfers and – in addition – on a going-forward basis, ensure that capital project fund balances remain in their respective capital funds.

Designation of Fund Balances

Generally-accepted accounting principles (GAAP) provide for specific classifications for fund balances. These include the following:

- Restricted
- Committed

- o Assigned
- o Unassigned

Each of these designations have specific definitions, based on the basis and specific action(s) taken by a governing body with respect to “designation” of fund balances.

The first two categories (restricted and committed) require specific action by the governing body. The third category (assigned) may not require any specific action as “assignment” of fund balances may be made by an officer who has been delegated such authority. Finally, “unassigned” fund balances represent the portion of fund balances that are neither restricted, committed, or assigned.

Updating Fund Balance Projections

During the budget process leading to adoption of the FY2020-21 budget, and specifically in the context of considering setting of the Facility Fee(s) for this fiscal year, the Board was presented with fund balance projections for its Community Services and Beach funds.

The following table provides a preliminary update of the forecasts prepared at the time of the Board budget workshop of May 19, 2020. Specifically, the forecasts shown below reflect a) Board action relative to the Facility Fees established for FY2020-21; b) updated projected year-end fund balances for FY2019-20; and c) projected fund balances resulting from the adopted FY2020-21 on May 27, 2020.

SHIFT	\$375	1 Year	CSF Fee	\$ 330	Punch Card Value	\$ 66.00	Funding Target: Comm Svc Fund Beach Fund									
			Beach Fee	\$ 500		\$ 166.00										
			Audited	Adopted Budget	Projected	5/27/2020 Final Budget	Projected	Projected	Projected	Projected						
			2018-19	2019-20	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25						
Community Services Fund	\$	12,261,649	\$	9,146,076	\$	13,975,670	\$	8,985,968	\$	8,671,599	\$	9,395,741	\$	10,188,985	\$	10,753,154
<i>Excess Fund Balance</i>				4,664,372	7,656,831	4,448,501	3,998,008	4,581,942	5,230,772	5,646,195						
Beach Fund	\$	1,774,846	\$	1,123,442	\$	2,001,007	\$	4,339,933	\$	4,722,314	\$	4,867,043	\$	4,903,586	\$	5,169,054
<i>Excess Fund Balance</i>				596,144	1,507,007	3,863,358	4,194,550	4,323,447	4,343,682	4,592,353						

Staff will continue to update fund balance projections based on audited year-end results for FY2019-20 as well as review and update the five-year revenue and expenditure forecasts that inform the out-years of this projection.

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Attn: Susan

Lee Anna Strandberg says:

That (s)he is a legal clerk of the
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Signed: _____



Date: 07/08/2020 State of Nevada, Carson City

This is an Original Electronic Affidavit.

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Incline Village General Improvement District, NV

General Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues	4,822,850	5,084,400	5,043,240
Total Other Sources	-	-	-
Total Revenues and Other Sources	4,822,850	5,084,400	5,043,240
Total Expenditures	4,054,406	4,614,000	5,170,249
Total Other Uses	325,644	300,000	-
Total Expenditures and Other Uses	4,380,050	4,914,000	5,170,249
Net Change in Fund Balances	442,800	170,400	(127,009)
Fiscal Year Beginning Fund Balance	3,322,786	3,765,586	3,935,985
Fiscal Year Ending Fund Balance	3,765,586	3,935,986	3,808,977

Community Services Special Revenue Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues	23,985,385	24,187,702	18,700,152
Total Other Sources	645,000	241,675	-
Total Revenues and Other Sources	24,630,385	24,429,377	18,700,152
Total Expenditures	17,286,580	25,403,086	18,149,871
Total Other Uses	4,008,321	-	5,594,546
Total Expenditures and Other Uses	21,294,901	25,403,086	23,744,417
Net Change in Fund Balances	3,333,484	(973,609)	(5,044,265)
Fiscal Year Beginning Fund Balance	10,000,469	13,333,953	12,360,444
Fiscal Year Ending Fund Balance	13,333,953	12,360,444	7,316,179

Community Services Capital Projects Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues & Other Sources	3,716,023	-	6,127,741
Total Expenditures	6,043,500	-	6,127,741

Community Services Debt Service Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues & Other Sources	328,848	-	410,150
Total Expenditures	381,401	-	383,172

Incline Village General Improvement District, NV

Beach Special Revenue Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues	2,503,996	2,596,500	1,501,785
Total Other Sources	35,000	13,125	-
Total Revenues and Other Sources	2,538,996	2,549,625	1,501,785
Total Expenditures	1,906,516	2,200,741	1,906,299
Total Other Uses	200,193	-	-
Total Expenditures and Other Uses	2,106,709	2,200,741	1,906,299
Net Change in Fund Balances	432,287	348,884	(404,514)
Fiscal Year Beginning Fund Balance	1,378,091	1,810,378	2,159,262
Fiscal Year Ending Fund Balance	1,810,378	2,159,262	1,754,748

Beach Capital Projects Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues & Other Sources	198,558	-	3,207,672
Total Expenditures	284,298	-	454,500

Beach Debt Service Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Available Revenues & Other Sources	1,635	-	7,748
Total Expenditures	6,241	-	6,270

**Incline Village General Improvement District, NV
Proprietary - Utility Fund**

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Operating Revenues	12,787,182	12,680,000	12,674,840
Total Operating Expenses	10,428,137	11,089,700	11,640,874
Operating Income (Loss)	2,359,045	1,590,300	1,033,966
Total Non Operating Revenues	297,550	170,000	148,500
Total Non Operating Expenses	126,351	119,000	104,428
Net Income (Loss) Before Transfers	2,530,244	1,641,300	1,078,038
Transfers-In (Out)	120,000	45,000	-
Net Income (Loss)	2,650,244	1,686,300	1,078,038
Fiscal Year Beginning Cash & Cash Equivalents	6,764,416	4,366,202	4,821,968
Fiscal Year Ending Cash & Cash Equivalents	4,366,202	4,821,968	1,706,014

Proprietary - Internal Services Fund

	ACTUAL PRIOR YEAR ENDING 6/30/2019	ESTIMATED CURRENT YEAR ENDING 6/30/2020	FINAL APPROVED BUDGET YEAR ENDING 6/30/2021
Total Operating Revenues	3,304,862	3,070,000	3,228,036
Total Operating Expenses	3,306,507	3,082,060	3,265,610
Operating Income (Loss)	(1,645)	(12,060)	(37,574)
Total Non Operating Revenues	360	-	-
Total Non Operating Expenses	-	-	-
Net Income (Loss) Before Transfers	(1,285)	(12,060)	(37,574)
Transfers-In (Out)	(474,356)	-	-
Net Income (Loss)	(475,641)	(12,060)	(37,574)
Fiscal Year Beginning Cash & Cash Equivalents	817,812	435,837	437,337
Fiscal Year Ending Cash & Cash Equivalents	435,037	437,337	409,063