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Strategic Planning
Policy 1.1.0

POLICY. The Incline Village General Improvement District recognizes the importance of using some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. While there is not a single best approach to strategic planning, a sound strategic planning process will include the following key steps:

0.1 Initiate the Strategic Planning Process. It is essential that the strategic plan be initiated and conducted under the authorization of the Board of Trustees and the District’s General Manager. Inclusion of other stakeholders is critical, but a strategic plan that is not supported by the Board of Trustees and the District’s General Manager has little chance of influencing an organization’s future.

0.2 Prepare a Mission Statement. The mission statement should be a broad but clear statement of purpose for the District. One of the critical uses of a mission statement is to help an organization decide what it should do and, importantly, what it should not be doing. The District’s goals, strategies, programs and activities should logically cascade from the mission statement.

0.3 Assess Environmental Factors. A thorough analysis of the District’s internal and external environment sets the stage for an effective strategic plan. Local, regional, national, and global factors affecting the community should be analyzed and include the following:

- 0.3.1 economic and financial factors;
- 0.3.2 demographic trends;
- 0.3.3 legal and/or regulatory issues;
- 0.3.4 social and/or cultural trends;
- 0.3.5 physical conditions;
- 0.3.6 community development;
- 0.3.7 intergovernmental issues;
- 0.3.8 technological changes, and
- 0.3.9 environmental changes.

Effective January 1, 2014
0.4 Identify Critical Issues. Once the Environmental Factor analysis has been completed, the next step is to use the resulting information to identify the most critical issues. Issue recognition should reflect stakeholder concerns, needs, and priorities as well as environmental factors affecting the District. The District will maintain mechanisms to identify stakeholder concerns, needs, and priorities. Among the mechanisms that might be employed to gather such information are:

0.4.1 public hearings;
0.4.2 surveys;
0.4.3 meetings of community leaders and citizen’s interest groups;
0.4.4 meetings with District employees; and
0.4.5 workshops for the Board of Trustees and District Leadership.

0.5 Agree on a Small Number of Long Range Principles. These written principles should address the most critical issues facing the District. It may be necessary to define priorities among these principles to improve their usefulness in allocating resources.

0.6 Develop Strategies to Achieve Long Range Principles. Strategies relate to ways that the environmental factor can be influenced (internal or external) to meet long range principles. A single strategy may relate to the achievement of more than one principle. There should be a relatively small number of specific strategies developed to help choose among services and activities to be emphasized. Use of flowcharts or critical path mapping is encouraged in the design of strategies. To optimize the success of these strategies, opportunities should be provided for input from those who will be affected.

0.7 Develop Objectives. Objectives are expected to be strategic, measurable, attainable, and timely. Objectives should be expressed as quantities, or at least as verifiable statements, and ideally would include timeframes.

0.8 Create an Action Plan. The action plan describes how strategies will be implemented and includes services and activities to be
performed, associated costs, designation of responsibilities, priority order, and time frame involved for the District to reach its long range principle or strategic objective.

0.9 Incorporate Performance Measures. Performance measures provide an important link between the strategies, principles, objectives and actions stated in the plan and the services and activities funded in the budget. Performance measures provide information on whether strategies and objectives are being met.

0.10 Obtain Approval of the Plan. The Board of Trustees will formally approve the Strategic Plan so it can provide the direction and policy for budget decisions.

0.11 Implement the Plan. District stakeholders should work together to implement the plan. Moreover, the Strategic Plan should drive the Operating Budget, the Multi-Year Capital Plan, and long-term financial planning efforts.

0.12 Monitor Progress. Progress toward meeting strategies and objectives should be monitored at regular intervals. The District will develop a systematic review process to evaluate the extent to which the Action Plan has been met.

0.13 Reassess the Strategic Plan. Many external factors, such as the national or regional economy, demographic changes, statutory changes, legislation, mandates, and climate changes, may affect the environment and thus achievement of strategies. To the extent that external events have long-range impacts, strategies, objectives and actions may need to be adjusted to reflect these changes. New information about stakeholder needs or results may also require changes to the plan. It is desirable to minimize the number of adjustments to long term principles in order to maintain credibility. However, the District’s Board of Trustees expects to conduct interim reviews each year, and more comprehensive strategic planning processes every five years, depending on how quickly conditions change. Performance measure results will be reviewed more frequently than the Strategic Plan.
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
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.

Effective July 1, 2014
POLICY. The Board of Trustees will fix the time and place of the regular meeting of the Board of Trustees of the Incline Village General Improvement District and provide the manner in which special meetings of said District may be called, designating an official mailing address, and establishing the order of business and rules for its proceedings for the Incline Village General Improvement District, Washoe County, State of Nevada.

0.1 Regular Meetings. The regular meetings of the Board of Trustees of the Incline Village General Improvement District shall hereafter be held at the time and place set by the Board of Trustees.

0.2 Special Meetings. Special meetings of the Board of Trustees shall be held upon call of the Chair of the Board or of at least two of the members thereof. Notice of all meetings shall be given in conformity with the provisions of Nevada Revised Statutes 241.020.

0.3 Meeting Place. All meetings of the Board of Trustees shall be held within the District.

0.4 Holidays. In the event that any day fixed for a regular meeting of the Board shall fall upon a holiday, that meeting shall be rescheduled by the Board.

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

- Roll call of Trustees
- Initial Public Comment
- Public Hearings (if any)
- Approval of minutes
- Approval of agenda
- Approval of Bills
- Reports
- Consent Calendar*
- General Business*
- Final Public Comment
- Adjournment
Conduct Meetings of the Board of Trustees
Policy 3.1.0

*UNLESS OTHERWISE APPROVED BY The Board Chair, no
matter shall be heard, or acted upon unless all relevant
materials have been included in the Board of Trustees Meeting
Packet.

0.6 Rules of Proceedings.

a. Public Meetings. All meetings of the Board shall be in
accordance with Nevada Revised Statutes 241, the Nevada
Open Meeting Law.

b. Quorum. A majority of the Board of Trustees present in person
or by remote communication shall constitute a quorum for the
transaction of business. In no event shall any matter be
approved without the affirmative vote of three trustees.

c. Method of Action. The Board of Trustees shall act only by
motion which, to become effective, shall be adopted by the
affirmative vote of at least a majority of its members present in
public meeting, unless otherwise provided by statutes. In the
event of only three members present, the method of action must
be unanimous.

d. Recording Vote. Except where action shall be taken by the
unanimous vote of all Trustees present and voting, the yes/ayes
and no/nays shall be taken on all actions had and entered upon
the minutes. All Trustees shall have the equal right to vote,
make and second motions. If the vote for/against any item is
not unanimous, the Chair may ask the Clerk to conduct a roll
call vote.

e. Ordinances. The enacting clause of all ordinances passed by
the Board shall include the word "ordinance" and be
consecutively numbered. All actions to pass or revise an
ordinance shall be attested by the Secretary.
Conduct Meetings of the Board of Trustees  
Policy 3.1.0

f. **Contracts.** Contracts entered into by the District that are required to be advertised under Nevada Revised Statutes 332 and/or 338 must be approved by the Board of Trustees. All documents approved or awarded by the Board shall be signed in the name of the District by the Chair and countersigned by the Secretary, unless authorization to sign is given to another person(s) by the Board.

Contracts, other than those covered by Nevada Revised Statutes 332.115 and which are not subject to the advertising thresholds of Nevada Revised Statutes 332 and/or 338, may be authorized, approved and executed by the General Manager of the District or designee, unless otherwise ordered by the Board of Trustees.

Contracts covered by Nevada Revised Statutes 332.115 may be authorized, approved and executed by the General Manager or his designee of the District, if it is for an amount less than the advertising threshold of Nevada Revised Statute 332. Contracts over the threshold of NRS 332.115 must be approved by the Board of Trustees.

g. **Claims.** The General Manager and General Counsel, and their designees, are authorized to negotiate on behalf of IVGID, the settlement of all property damage, personal injury, or liability claims, unless otherwise ordered by the Board of Trustees. Final settlement of such claims may be authorized by the General Manager, provided the amount attributed to IVGID is less than the amount that must be approved by the Board for amounts per occurrence, including all sources of payment (insurance, risk reserve, operating funds, or working capital). For claims that exceed the amount, those must be approved by the Board, the General Manager may authorize and accept a tentative settlement, which shall not be final and binding upon IVGID, unless and until approved by the Board of Trustees.

h. **Litigation.** The General Manager must obtain Board of Trustees authorization, at a public meeting, to initiate any lawsuit.
Conduct Meetings of the Board of Trustees
Policy 3.1.0

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

0.8. **Agenda Preparation.** The Board Chair, in cooperation with the General Manager, is responsible for preparing the agenda for each meeting. The Chair will place on the Agenda any item requested by a fellow Trustee. The General Manager shall schedule for consideration by the Board any matter requested to be placed on the agenda by any three Trustees. Unless directed otherwise by the Board, the General Manager may delay consideration of any item. In any conflict between the provisions of this paragraph and that of paragraph 0.9., paragraph 0.9. shall govern.

0.9. **Reconsideration.** Reversal, or substantial modification, of any item by the Board of Trustees within six months of the meeting date at which the action was taken, shall only be considered as follows: the General Manager may request reconsideration of any action of the Board, and place reconsideration of the action before the Board, if the General Manager determines that the action compromises the efficiency of operations or otherwise impairs the effective management of the District. Additionally, a Board action may also be scheduled for reconsideration if at least three Trustees request same. Once placed on the agenda under the procedure established herein, the Board may rescind, modify, reaffirm, or take no action on the item; in the same manner it would take action on any other general item of business.

0.10. **Public Participation.** Comments shall be solicited from the public during two comment periods, one at the start of the meeting and one prior to adjournment. The time limit shall be three (3) minutes for each person per comment period. No yielding of time shall be allowed.

0.11 **Officers of the Board.** The officers of the Board shall be elected as provided by Nevada Revised Statutes 318.085 and shall consist of a Chair of the Board, Vice Chair of the Board, Treasurer, and Secretary.

Effective April 25, 2018
Conduct Meetings of the Board of Trustees
Policy 3.1.0

The term of office shall be for one (1) year or until a reorganization of the Board is required.

0.12 Authorization to Sign Checks. The General Manager and the officers of the Board are hereby authorized to sign checks drawn on the various bank accounts of the District. It shall be required that at least two (2) signatures are affixed to any check drawn on such accounts.

0.13 Facsimile Signatures. The banks with which the District does business are authorized and directed to honor checks drawn on the various bank accounts of the District, when bearing any two facsimile signatures of the officers of the Board and General Manager of the District, after their manual signatures are filed with the Secretary of State, in conformance with Nevada Revised Statutes 351.030.

0.14 Reports. The Board Meeting agenda may include items under Reports which are intended to inform the Board and/or the public. These reports are not actionable items rather informational in nature and substance. Should an action be required the matter shall be presented as a General Business Item.

0.15 Consent Calendar. In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar." A memorandum will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section.

Any member of the Board may request the removal of a particular item from the consent calendar and that the matter shall be removed and addressed in the general business section of the meeting.
Conduct Meetings of the Board of Trustees
Policy 3.1.0

A unanimous affirmative vote shall be recorded as a favorable motion and approval of each individual item included on the Consent Calendar.

0.16 Advisory Committees. SECTION OMITTED

0.17 Legislative Matters. The General Manager may from time to time propose positions on legislative issues, which positions shall be reviewed and approved by the Board at its regular meeting. In the event a position on a legislative issue must be established prior to the next regular Board meeting, the General Manager is hereby authorized to adopt a position on IVGID's behalf.

0.18 Conflict Resolution. In the event that the provisions of Policy 3.1.0 conflict with any other Policy Provisions, this section shall prevail.
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.

Effective January 1, 2014
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.
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.
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.
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.
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.
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 precedence over the $5,000 threshold, and thus smaller amounts may be listed to facilitate proper asset management.
Cash Management
Use of Local Government Investment Pools
Policy 10.1.0

POLICY. The District will consider the following when using Local Government Investment Pools (LGIPs):

0.1 The District will confirm LGIPs are eligible investments under governing law and the District’s Investment Management Policy.

0.2 The District will fully understand the investment objectives, legal structure and operating procedures of the investment pool before placing any money in the pool. When evaluating an LGIP, the District obtains the pool’s offering statement, investment policy, and audited financial statements.

0.3 Particular attention must be paid to the investment objectives of a pool to determine whether a pool seeks to maintain a constant Net Asset Value (NAV) of $1.00 or could have a fluctuating NAV. This information is essential in order to determine which pools are appropriate for liquidity strategies (constant NAV) and which ones are only appropriate for longer-term strategies (fluctuating NAV).

0.4 The pool’s list of eligible securities should be reviewed to determine compliance with the District’s Investment Management Policy. Portfolio maturity restrictions and diversification policies should be evaluated to determine potential market and credit risks.

0.5 Portfolio pricing practices should be evaluated.

0.6 Custodial policies should be reviewed.

0.7 The qualifications and experience of the portfolio manager, management team and/or investment adviser should be evaluated.

0.8 The earnings performance history should be studied and reviewed relative to other investment alternatives. On constant NAV LGIP funds, the current yield of the portfolio can be compared with competitive institutional money market funds, or overnight repurchase agreement rates. Any pool with consistent above-
average yields or longer maturities should be further evaluated for risk.

0.9 Variable NAV LGIPs should be evaluated in relation to appropriate benchmarks.

0.10 Although ratings are not mandatory at this time, the District should seek LGIPs with the highest ratings, where possible or understand the reason a rating is not available.

0.11 Procedures for establishing an account, making deposits and withdrawals, and allocating interest earnings should be fully understood.

0.12 Any additional services offered by an LGIP should be considered to make use of the fund as effective as possible.

0.13 The District will confirm that an LGIP provides regular, detailed reporting to pool participants and follows generally accepted reporting standards.
POLICY. The District will properly manage the risk in its portfolios to achieve investment objectives and comply with investment constraints. The use of diversification in the District’s portfolio is an important strategy for managing risk. Diversification strategies will consider the following:

0.1 Carefully and clearly defining what the objectives mean for safety, liquidity, and return to the District.

0.2 Preparing a cash flow projection to determine liquidity needs and the level and distribution of risk that is appropriate for the portfolio.

0.3 Considering political climate, stakeholders’ view toward risk, and risk tolerances.

0.4 Ensuring liquidity to meet ongoing obligations by investing a portion of the portfolio in readily available funds, such as Local Government Investment Pools, money market funds, or overnight repurchase agreements.

0.5 Establishing limits on positions in specific securities to protect against default risk.

0.6 Limiting investments in securities that have higher credit and/or market risks.

0.7 Defining parameters for maturity/duration ranges.

0.8 Establishing a targeted risk profile for the portfolio based on investment objectives and constraints, risk tolerances, liquidity requirements and the current risk/reward characteristics of the market.
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.

Effective July 1, 2016
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.
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
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.
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.
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.
Debt Management
Debt Management and Limits
Policy 14.1.0

POLICY. The District will adopt comprehensive written debt management practices and they will be reviewed annually in conjunction with the budget process and revised as necessary.

1.0 **Debt Limits.** The Practice will define specific limits or acceptable ranges for each type of debt. Limits are generally set for legal, public policy, and financial reasons.

1.1 Legal limits may be determined by:
   
   1.1.1 State constitution or law.
   1.1.2 Local resolution or ordinance, or covenant.

1.2 Public Policy limits can include:
   
   1.2.1 Purposes for which debt proceeds may be used or prohibited.
   1.2.2 Types of debt that may be issued or prohibited.
   1.2.3 Relationship to and integration with the Multi-Year Capital Planning.
   1.2.4 Policy goals related to economic development, capital improvement financings, tax increment financing, and public-private partnerships.

1.3 Financial limits generally reflect public policy or other financial resource constraints, such as reduced use of a particular type of debt due to changing financial conditions. Appropriate debt limits can positively impact bond ratings, if the District demonstrates adherence to such policies over time. Debt limits will be stated as follows:

1.4 Direct Debt can be measured or limited by the following ratios:
   
   1.4.1 Debt per capita,
   1.4.2 Debt to taxable property value
Debt Management
Debt Management and Limits
Policy 14.1.0

1.4.3 General Obligation debt service payments as a percentage of governmental fund type revenues or expenditures.

1.5 Revenue Debt levels are often limited by debt service coverage ratios or credit rating impacts contained in bond covenants.

1.6 Short-Term Debt Issuance should describe the specific purposes and circumstances under which it can be used, as well as limitations in term or size of borrowing.

2.0 Debt Structuring Practices. The Practice will include specifics regarding the debt structuring practices for each type of bond, including:

2.1 Maximum term stated in absolute terms or based on the useful life of the asset(s);
2.2 Average maturity;
2.3 Debt service pattern such as equal payments or equal principal amortization;
2.4 Use of optional redemption features that reflect market conditions and/or needs of the government;
2.5 Use of variable or fixed-rate debt, credit enhancements, short-term debt, and limitations as to when each can be used;
2.6 Other structuring practices should be considered such as capitalized interest, deferral of principal and/or other internal credit support including general obligation pledges.

3.0 Debt Issuance Practices. The Practice will provide guidance regarding the issuance process, which may differ for each type of debt. These practices include:

3.1 Criteria for determining the sale method (competitive, negotiated, placement) and investment of proceeds,
Debt Management
Debt Management and Limits
Policy 14.1.0

3.2 Criteria for issuance of advance refunding and current refunding bonds,
3.3 Selection and use of professional service providers,
3.4 Use of comparative bond pricing services or market indices as a benchmark in negotiated transactions, as well as to evaluate final bond pricing results, and
3.5 Use of credit ratings, minimum bond ratings, determination of the number of ratings, and selection of rating services.

4.0 Debt Management Practices. The Practice will provide guidance for ongoing administrative activities including:

4.1 Investment of bond proceeds,
4.2 Primary and secondary market disclosure practices, including annual certifications as required,
4.3 Arbitrage rebate monitoring and filing,
4.4 Federal and state law compliance practices, and
4.5 Market and investor relations efforts.
Accounting, Auditing, and Financial Reporting
Audit Committee
Policy 15.1.0

The Incline Village General Improvement District is committed to be proactive, informed, and providing the highest form of financial accountability to its parcel owners. Achieving this goal requires clear rules and procedures for making decisions and their impact on financial results. As required by Nevada Revised Statute (NRS) 354.624, each local government shall provide for an annual independent audit of all of its financial statements.

POLICY: Each year, the Board of Trustees may establish the need for an Audit Committee and appoint no less than three members to such committee. Members of the Committee shall remain in place until successors are appointed. Members of the Audit Committee should be current Board members. As a general rule, no one having managerial responsibilities that fall within the scope of the audit should serve as a committee member.

1.0 Independent auditor reports directly to the Audit Committee

The independent auditor reports directly to the Audit Committee. The Audit Committee is expected to maintain free and open communication with the independent auditor and District Staff. This communication may include periodic executive sessions with each of these parties. The independent auditor should not engage in any work that will result in billing a fee, unless authorized by the Audit Committee. This includes response to items brought forward by any internal or external source. This does not preclude the work they must perform to meet their professional responsibility.

2.0 Scope of Audit Committee’s authority and responsibilities

The Audit Committee at a minimum shall have the following authority and responsibilities:

2.1 To select, evaluate and, if necessary, replace the District’s independent auditor, and to approve all audit engagement fees and terms, subject to Board of Trustees approval.

Adopted November 15, 2017
2.2 To review, with management and the auditors, the District’s annual auditor’s planning, process and engagement decisions.

2.3 To review procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, auditing matters, or suspected fraud. Review any submissions that have been received, monitor their current status, and the document handling or disposition.

2.4 To review confidential and/or anonymous submission by the District’s employees of concerns regarding questionable accounting or auditing matters, or suspected fraud that cannot be handled by other appropriate levels of management.

2.5 The Audit Committee must meet annually to consider the appointment of the District’s Auditor, receive the Comprehensive Annual Audit Report and related communications. Also, if necessary to consider circumstances that arise beyond the scope of the Audit Engagement letter that could result in additional fees, and otherwise as determined the Audit Committee Chair. Meetings may be combined with regularly scheduled Board of Trustees meetings, or may be held more frequently as circumstances may require. The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.

2.6 To submit a written annual Audit Committee Report to the District’s Board of Trustees in conjunction with the presentation of the annual audit.

2.7 To review and reassess, the adequacy of the Audit Committee responsibilities and recommend any proposed changes to the Board of Trustees for approval.

2.8 To appoint a Chair for the Audit Committee who will act as the primary contact with the independent auditor and District staff.

Adopted November 15, 2017
2.9 All members of the Audit Committee should possess or obtain a basic understanding of governmental financial reporting and auditing.

2.10 The Audit Committee will keep adequate minutes of its meetings and will report on its actions and activities at the next regular meeting of the District’s Board of Trustees. Audit Committee members will be furnished with copies of the minutes of each Committee meeting.

2.11 The Audit Committee is governed by the same open meeting laws NRS 241 as long as three current District Board of Trustees members are on the Audit Committee and in attendance at the Audit Committee meetings.
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
Recreation Roll Policy

Policy 16.1.1

LAND

DEVELOPED LAND

RESIDENTIAL PROPERTY

Each DWELLING UNIT pays Recreation Fee

COMMERCIAL PROPERTY

Each PARCEL pays Recreation Fee

UNDEVELOPED LAND

UNDEVELOPED BUILDABLE PARCEL

Each PARCEL pays Recreation Fee

UNDEVELOPED UNBUILDABLE PARCEL

1. Deed Restricted
2. Development rights have been transferred
3. TRPA restriction
4. Terrain factors

Can petition District to be taken off Recreation Roll.
No recreation privileges.
Must also be classified “Unbuildable” by Washoe Co. Assessor

Each PARCEL can pay Recreation Fee and maintain recreation privileges

Can be restored to Recreation Roll by paying arrearage plus specified penalty
POLICY. The Personnel Policies have been adopted by the Board of Trustees to carry out Incline Village General Improvement District’s level one policy statement to adopt uniform personnel policies that will enable each employee to make his/her fullest contribution to the programs and services of the District. There will be no practice statements or categories associated with these Personnel Policies due to their high level of importance.

RESPONSIBILITY. It is the responsibility of the Human Resources Department, ultimately the Director of Human Resources, to make sure that as employment practices, laws, regulations and conditions change, the Personnel Policies are updated, distributed and implemented.
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 Enterprise 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’s Enterprise 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

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