

## **IVGID**

### **Frequently Asked Budget Questions**

#### **Budget Measurements**

The District's budget is designed to, first and foremost, meet the requirements of Nevada Revised Statutes for form and content. However, the District also serves an audience of community members, Federal, State and local agencies, all of whom need various degrees of information. The District's management requires the greatest level of detail in order to deliver services in an efficient and effective way to Incline Village and Crystal Bay.

The District utilizes a reporting structure that includes funds, activity, functions, objects, to report a flow of sources and uses. Funds represent a related group of accounts to report on a specific activity or function. An activity or function represents the type of service being provided. Objects represent the type of transaction that occurs. Sources and uses are the measure of the flow and volume of transactions. Sources and uses is considered the main measure for all activities since it is the best way to demonstrate the interaction of inflows versus outflows for operations, capital expenditure, and debt service; which are the District's main elements of service delivery.

In addition to the State of Nevada form set prepared and presented for adoption by the Board, the District assembles a Budget Book with supporting documents. This book includes sections for operations, capital improvement projects, and debt service. These documents provide supplemental information based on the financial data, and include references back to the State form. Supplemental documents for the Utility and Internal Services Funds present the sources and uses format. All governmental fund types, present sources and uses. The Budget Book includes dashboards, which present attributes about select functions and venues, to inform users on the specific information and needs. The District has also much of this information available in electronic format through its website [www.yourtahoeplace.com](http://www.yourtahoeplace.com) and a special platform at [Opengov.com](http://Opengov.com). The Budget Book is assembled after final adoption in May and released prior to the start of the fiscal year.

#### **What is the purpose of each Fund, Activity or Function used by IVGID?**

**General Fund** – a governmental fund type that provides District-wide Administration and Governance. It includes General Administration, Trustees, General Manager, Finance and Accounting, Information Systems & Technology, Human Resources (combined with Risk Management), Health and Wellness, and Communications.

**Utilities Fund** – an Enterprise Fund type that contains the operations for water, sewer, and solid waste activities. It also includes revenues and expenses for the administration provided for the Tahoe Water Suppliers Association.

**Community Services** – a governmental fund type in the form of a Special Revenue Fund for the operations, capital expenditure and debt service accounting for the Championship and Mountain golf courses, the Chateau and Aspen Grove facilities, Diamond Peak Ski Resort, Recreation Center, Community Programming, Tennis, and Parks. It also provides central administration of parcel owner recreation privileges and the overall parks and recreation operations.

Beach – a governmental fund types in the form of a Special Revenue Fund for the operations capital expenditure and debt service accounting for Hermit, Ski, Incline and Burnt Cedar Beaches.

Internal Services – a Proprietary Fund type that contains the operations for Fleet, Engineering, and Buildings Maintenance that provides their services to the other District funds. The operating funds pay for these services. They are charged out at cost to be as efficient and effective as possible.

### **What comprises the major Sources, Use and Objects used by IVGID?**

The budget items are presented by function and activity or an object level to present the nature of a transaction. Objects for revenue are generally grouped as taxes, charges for services, Facility Fees, and other (which include grants, investments, and cell tower rents). Objects for expenditures generally identify what the District accomplishes by its employees through wages and benefits, and through professional services, or vendors as services and supplies. The State budget form aggregates many objects into services and supplies. The separate capital project and debt service expenditures represent the process of asset acquisition, replacement, or upgrade to infrastructure and equipment paid from current resources or over time.

### **How are the revenue sources determined for IVGID?**

The District revenue sources include taxes, user fees as charges for services, community support in the form of the Facility Fee, operating grants, internal services, investment income, capital grants, and other items. Ad Valorem and State Consolidated taxes are determined and controlled by a State of Nevada formula. The District received notice of these amounts as an estimate for the coming fiscal year. Ad Valorem Taxes are subject to further calculation and processing by Washoe County. The District's Trustees act to set the rate, subject to these other determinations. The District's Trustees set the Facility Fee for Community Service and Beach annually in May along with adopting the budget. During the budget process, the District Staff indicates the expected fees and level of usage to arrive at user fees. Staff also identifies expected grants and other sources. The individual venues present a variety of metrics and key rates to identify related revenues that are available to finance expenditures one fiscal year at a time. Over the last few years, the District has applied dynamic pricing as method to increase revenue and realization from available capacity.

### **What is an Example of Performance Management and Measurement?**

The budgets since 2015 have implemented performance management. This requires managers to pick a single data point for the budget, while planning for scalable service delivery, depending on customer demand. The District feels it is necessary to use this approach to support plans for personnel. An example is the ski resort which profiles service delivery each day based on low, medium and high visit counts. While the instances of a high volume ski visits have been very consistent, the highest end of counts have backed off a little. However we've seen more medium days. This results in the same total visits for a season. Scalable staffing is budgeted,

but with the recognition that the high days occur regardless, the need to budget for more medium volume days has added hours but not necessarily positions.

### **What Privileges do Parcel Owners get for paying the Facility Fees?**

Each eligible parcel that pays the Recreation Facility Fee can have five cards issued in the form of picture passes (specific to a person) and/or punch cards (useable by the bearer) or a combination of both. The Picture Passholder gets preferred pricing and/or preferred access to the District's major venues or programming. Key Rates identify those benefits that can be obtained at each venue. A Punch Card Holder receives the opportunity, at designated venues, to reduce their user fees from the rack rate to the Picture Passholder Rate, as a form of payment. The value of a Punch Card is an allocated value assigned each June 1 based on one-fifth of the parcel's facility fee. Punch card utilization is recognized as revenue by the venue selling a service. The utilization is charged to the Community Services and Beach Special Revenue Funds revenue allowances proportionate to the parcel's total facility fee paid.

### **What does Fund Balance represent and why is it presented?**

Each fund reports its assets and liabilities for a statement of net position in the annual audit. The remainder difference between assets and liabilities is Fund Balance, also known as Net Position. For budget purposes, Fund Balance is reported for governmental fund types representing the non-restricted amounts of that calculation. It is a reflection of what is carried to support cash flows to operate and to have emergency funds. Fund Balance can also represent amounts held for future events as is the case for carryover capital improvement projects.

Fund balance is part of the format on the State of Nevada forms. It is required reporting for all governmental fund types. The General Fund, Community Services and Beach Special Revenue funds all have the requirement. The District reports a balance for Utilities and Internal Services in its own Budget Book.

### **How is the presentation of budget and financial statements selected?**

The District's budget format is set by Nevada Revised Statutes. In an effort to provide greater detail to the community, the District publishes a supplemental Budget Book and monthly financial statements for individual operating departments and venues. All of these are based on the same set of accounting records. The State form utilizes a high degree of aggregation for the State of Nevada requirements (the Fund level). While the District monthly financial statements and online reports utilizes the functional and venue level. The annual audit produces the Comprehensive Annual Financial Report which uses generally accepted government accounting principles that call for both fund level and District-wide financial presentations. The Required Supplemental Information and Supplemental Sections of the Comprehensive Annual Financial Report provides a reconciliation of the various formats.

### **Where can I find more of the detailed information on the budget and annual audit?**

It is best to identify user objectives when selecting a report. The budget document is focused on the next fiscal year. The District has past budgets, the most recent year's monthly financial statements, and annual audits posted on its Financial Transparency web page at [www.yourtahoeplace.org](http://www.yourtahoeplace.org). The District web site can also direct readers to OpenGov which has detailed level budget and actual accounting across venues as well as objects. OpenGov provides the public with access to the greatest detail available.

### **What are the differences between the State of Nevada Budget Forms 4404LGF and the format presented for the Board of Trustees Workshops?**

The focus of the budget process is to assure a balance in the flow of resources. Therefore, schedules use a format of sources and uses. The District's monthly financial reporting follows this same format. The State of Nevada budget forms for governmental fund types follow a similar format, however, their placement of transfers and the notation of a contingency expenditure can cause differences. The District separates the Facility Fee by component and displays them directly under their functional use in its budget deliberations and in the monthly financial statements. The State forms have the entire amount under the Special Revenue funds. The functional expenditures section does distinguish operating, capital outlay and debt service separately.

For the Utility and Internal Services Funds, the State of Nevada forms utilize depreciation as an expense, and only reports capital expenditure and bond principal repayment under the statement of cash flows. The State of Nevada forms do not report a fund balance for proprietary fund types. The District's Budget Book document gives these balances to identify a trend and available resources for future periods.

The District prepares a prescribed budget document for the State of Nevada Department of Taxation Local Government Division both in a Tentative and Final form. The Form 4404LGF is the District's legally adopted budget. In conjunction with deliberations before reaching the point of formal adoption, the District presents a number of schedules based on the same accounting information as the State of Nevada forms. While it is the same fundamental information, the level of detail varies to allow for more discussion and analysis with the community and the Board of Trustees.

## Frequently Asked Questions – Updated May 21, 2015

1. What is the purpose of each Fund, Activity or Function used by IVGID?
2. What comprises the major Sources, Use and Objects used by IVGID?
3. How are the revenue sources determined for IVGID?
4. What do Parcel Owners get for paying the Facility Fees?
5. What does Fund Balance represent and why is it presented?
6. How is the presentation of budget and financial statements selected?
7. Where can I find more of the detailed information on the budget and annual audit?
8. How are Utility Rates determined?
9. How are the Combined Recreation and Beach Facility Fee determined?
10. What are the differences between the State Budget Forms and the format presented for the Board of Trustees Workshops?

### 1. What is the purpose of each Fund, Activity or Function used by IVGID?

**General Fund** – a governmental fund type that contains District-wide Administration plus Trustees, General Manager, Finance and Accounting, Information Technology, Risk Management, Human Resources, Health and Wellness and Community Relations and Communications.

**Utilities Fund** – an Enterprise Fund type that contains the operations for water, sewer and solid waste activities. It also includes the administration IVGID provides for the Tahoe Water Supplier Association.

**Community Services** – a set of governmental fund types in the form of Special Revenue, Capital Expenditure and Debt Service that contains the operations of the Championship and Mountain golf courses, the Chateau and Aspen Grove facilities, Diamond Peak Ski Resort, the Recreation Center and Community Programming, Tennis and Parks. It also administers Ordinance 7 for Recreation Privileges.

**Beach** – a set of governmental fund types in the form of Special Revenue, Capital Expenditure and Debt Service that contains the operations for Hermit, Ski, Incline and Burnt Cedar Beaches.

**Internal Services** – a Proprietary Fund type that contains the operations for Engineering, Fleet, Buildings Maintenance and Workers Compensation that provides their services to the other funds. The operating funds pay for these services. They are charged out at cost to be as efficient and effective as possible.

A fund is the individual accounting for a group of activities based on a stated purpose. For IVGID, activities tend to be the venue. We also can refer to a function which is the type of service performed for a particular activity. The Community Services Fund is an aggregation of our recreation activities.

### 2. What comprises the major Sources, Use and Objects used by IVGID?

The budget items presented on object level financial statements represent the nature of a transaction. Objects for revenue are generally grouped as taxes, charges for services,

standby charges and other (which includes grants, investments, rents and fines). Objects for expenditures general identify what the District accomplishes by its employees through wages and benefits, through professional services or by vendors as services and supplies. We also isolate insurance, utilities and Central Service Cost (allocations for Accounting and Human Resource services provided by the General Fund), as part of operating activities. The separate Capital Expenditure and Debt Service expenditures represent the process of asset acquisition, replacement or upgrade to infrastructure and equipment, paid from current resources or over time.

### **3. How are the revenue sources determined for IVGID?**

The District revenue sources includes taxes, user fees, community support in the form of the standby charge (facility fee), operating grants, internal services, investment income and capital grants and other items. Ad Valorem and State Consolidated taxes are determined and controlled by State formula. The District's received notice of these amounts as an estimate for the coming fiscal year. The District's Trustees set the Facility Fee for Community Service and Beach each May along with adopting the budget. During the budget process the District staff indicates the expected fees and level of usage to arrive at user fees. Staff also identifies expected grants and other sources. The individual venues and the overall District present a variety of metrics and Key Rates, to identify related revenues that are available to finance expenditures one fiscal year at a time.

### **4. What do Parcel Owners get for paying the Facility Fees?**

Each parcel that pays the Recreation Facility Fee can have 5 cards issued either in the form of a picture pass or punch card. The Picture Pass Holder gets Preferred Pricing and or Preferred Access to the District's major venues or programming. Often Key Rates identify those benefits, or you can discuss them with the venue. A Punch Card Holder receives the opportunity to reduce their user fees from the rack rate to Picture Pass Holder Rate, based on an allocated value assigned each June 1.

### **5. What does Fund Balance represent and why is it presented?**

Each fund reports its assets and liabilities for a statement of net position in the annual audit. The remainder difference between assets and liabilities is Fund Balance, also known as net position. For budget purposes an amount is reported representing the non-restricted amounts of that calculation, as a reflection of what is carried to support cash flows to operate and to have emergency funds. It can also represent amounts held for future events, as is the case for Utilities' Effluent Pipeline Project and the Incline Beach Building.

Fund balance is part of the format on the State of NV forms. It is required reporting for all governmental fund types. The General Fund, Community Services and Beach Special Revenue, Capital Expenditure and Debt Service funds all have the requirement. The District chooses to also report a balance for Utilities and Internal Services in its own budget document.

### **6. How is the presentation of budget and financial statements selected?**

The District's budget format is set by Nevada Revised Statutes. In an effort to provide greater detail to the community, the District publishes a budget document and monthly financial statements for individual operating departments and venues. All of these are based

on the same set of accounting records, but utilize a high degree of aggregation for the State requirements (the Fund level), while the District utilizes the venue level. The annual audit is performed on the Comprehensive Annual Financial Report which uses generally accepted government accounting principles, which call for both fund level and district-wide financial presentations.

**7. Where can I find more of the detailed information on the budget and annual audit?**

It is best to identify user objectives when selecting a report. The budget document is focused on the next fiscal year. The District has past budgets and annual audits posted on its web site at [ivgid.org](http://ivgid.org). Beginning in June 2015 users may also access the OpenGov interactive transparency tool <https://inclinevillagegidnv.opengov.com/>.

**8. How are Utility Rates determined?**

A Utility Rate Study was presented that provided resources for planned infrastructure improvements, along with a 5 year analysis operating conditions. The approval for the ordinance changes was given April 29, 2015, which resulted in an increase in rates of 3%.

**9. How are the Combined Recreation and Beach Facility Fee determined?**

The operating and capital budget plans plus scheduled debt service drive a total combined facility fee.

Since 2011 the District has planned to accumulate current resources for a point in time of increasing needs for capital expenditures. These expenditures were planned to occur after the District had retired two bond issues. The report on the components of the Facility Fee indicates the changing pattern of less collected for debt service and more for capital expenditure.

Refer to the Facility Fee Reconciliation by Parcel and Venue Component on the District's Transparency website at [ivgid.org](http://ivgid.org).

**10. What are the differences between the State Budget Forms and the format presented for the Board of Trustees Workshops?**

The focus of the budget process is to assure a balance in the flow of resources. Therefore schedules utilized in this process use a format of sources and uses. The State budget forms for governmental fund types follow that exact format, however, their placement of the contingency and carryover CIP is slightly different. For the Utility and Internal Services Funds, the State forms utilize depreciation as an expense, and only report capital expenditure and bond principal repayment under the statement of cash flows. The State forms do not report a fund balance for proprietary fund types. The District's schedule has begun to give these balances to identify a trend and available resources for future periods.



## Facility Fee Reconciliation by Parcel and Venue Component

Incline Village General Improvement District			Facility Fee Reconciliation by Parcel and Venue Component						
	Components per Parcel			Per Parcel Facility Fee	Total 2015-16 Facility Fee	Amount per Component			
	Operating	Capital	Debt Service			Operating	Capital	Debt Service	
<b>Recreation (8181 Parcels)</b>									
Golf - Championship	\$ 25	\$ 79	\$ 22	\$ 126	\$ 1,030,806	\$ 204,525	\$ 646,299	\$ 179,982	
Golf - Mountain	34	35	-	69	564,489	278,154	286,335	-	
Facilities	7	19	21	47	384,507	57,267	155,439	171,801	
Diamond Peak Ski	(115)	125	113	123	1,006,263	(940,815)	1,022,625	924,453	
Youth & Family Programming	24	-	-	24	196,344	196,344	-	-	
Senior Programming	19	-	-	19	155,439	155,439	-	-	
Recreation Center	79	10	-	89	728,109	646,299	81,810	-	
Comm. Services Administration	42	15	-	57	466,317	343,602	122,715	-	
Punch Card Allowance	63	-	-	63	515,403	515,403	-	-	
Parks	76	21	-	97	793,557	621,756	171,801	-	
Tennis	12	4	-	16	130,896	98,172	32,724	-	
<b>Recreation Facility Fee</b>	<b>\$ 266</b>	<b>\$ 308</b>	<b>\$ 156</b>	<b>\$ 730</b>	<b>\$ 5,972,130</b>	<b>\$ 2,176,146</b>	<b>\$ 2,519,748</b>	<b>\$ 1,276,236</b>	
<b>Fiscal Year Total Facility Fee:</b>									
<b>2014-15</b>	\$ 199	\$ 315	\$ 216	\$ 730					
<b>2013-14</b>	\$ 226	\$ 291	\$ 213	\$ 730					
<b>2012-13</b>	\$ 246	\$ 211	\$ 273	\$ 730					
<b>2011-12</b>	\$ 199	\$ 242	\$ 274	\$ 715					
<b>2010-11</b>	\$ 128	\$ 304	\$ 298	\$ 730					
<b>Beach Facility Fee</b>									
<b>(7,743 Parcels)</b>	<b>\$ 75</b>	<b>\$ 24</b>	<b>\$ 1</b>	<b>\$ 100</b>	<b>\$ 774,300</b>	<b>\$ 580,725</b>	<b>\$ 185,832</b>	<b>\$ 7,743</b>	
<b>Fiscal Year Total Facility Fee:</b>									
<b>2014-15</b>	\$ 65	\$ -	\$ 35	\$ 100					
<b>2013-14</b>	\$ 63	\$ -	\$ 37	\$ 100					
<b>2012-13</b>	\$ 66	\$ 17	\$ 17	\$ 100					
<b>2011-12</b>	\$ 98	\$ -	\$ 17	\$ 115					
<b>2010-11</b>	\$ 69	\$ -	\$ 31	\$ 100					