

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT

North Lake Tahoe Fire Protection District

Debt Management Policy Fiscal Year 2022

Prepared July 2021



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EXECUTIVE SUMMARY

This Debt Management Policy was created to fulfill the requirements of NRS 350.13. The North Lake Tahoe Fire Protection District (the "District") is generally limited in the bonds it can issue by its statutory debt and the amount of revenue available to pay debt service on bonds. This policy discusses the outstanding and proposed debt of the District, its ability to afford such debt and other items relating to the issuance of bonds by the District.

As of June 30, 2021, the District has no general obligation bonds outstanding. The District has \$3,007,000 of medium-term financing outstanding. The District has approximately \$87,923,029 of debt limit available.

TABLE OF CONTENTS

	<u>Page</u>
Affordability of Existing, Authorized and Proposed General Obligation Debt	1
General Obligation Bond Indebtedness.....	1
General Obligation Bonds.....	1
Outstanding, Authorized and Proposed General Obligation Debt	2
General Obligation Revenue Secured Bonds	2
Medium-Term General Obligation Indebtedness	4
General Obligation Debt Limit.....	5
General Obligation Debt Comparisons.....	5
Method of Sale	6
Operational Costs of Future Capital Projects.....	6
Capital Improvement Plan.....	7
Chief Financial Officer of the District.....	7

APPENDIX A - DEBT SERVICE SCHEDULES

APPENDIX B - FIVE-YEAR CAPITAL IMPROVEMENT PLAN

TABLES

	<u>Page</u>
Outstanding Debt.....	2
Debt Service Affordability	3
Outstanding Medium-Term Debt Service	4
General Obligation Debt Limit.....	5

Affordability of Existing, Authorized and Proposed General Obligation Debt

NRS 350.013 1.(c)(1) A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt.

NRS 350.013 1.(c)(6) A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt.

General Obligation Bond Indebtedness

General obligation bonds of the District are issued pursuant to NRS Chapter 350 and Chapter 474. The District's general obligation bonds constitute direct and general obligations of the District and the full faith and credit of the District is pledged to the payment of principal and interest, subject to Nevada constitutional and statutory limitations on the aggregate amount of property taxes.

The general obligation bonds are payable by the District from any source legally available therefore at the times such payments are due including the General Fund of the District. In the event, however, that such legally available sources of funds (including net pledged revenues) are insufficient, the District is obligated to levy a general (property) tax on all taxable property within the District for payment of the general obligation bonds, subject to the limitations provided in the constitution and statutes of the State of Nevada (the "State").

In any year in which the total property taxes levied within the District by all applicable taxing units (e.g., the State, the County, the District, the school district, any city, or any special district) exceed such property tax limitations, the reduction to be made by those units must be in property taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness.

Nevada statutes provide that no act concerning the District's bonds, or their security may be repealed, amended, or modified in such a manner as to impair adversely the bonds or their security until all of the bonds have been discharged in full or provision for their payment and reception has been fully made.

General Obligation Bonds

The District currently has no outstanding general obligation debt paid by the levy of a specific property tax.

Outstanding, Authorized and Proposed General Obligation Debt

As of June 30, 2021, the District has no general obligation bonds outstanding which are paid from property tax. The District has no general obligation revenue bonds outstanding. The District has \$3,007,000 of medium-term financing outstanding. The District reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

The following table lists the outstanding debt of the District.

Outstanding Debt
June 30, 2021

	Date Issued	Original Amount	Amount Outstanding
<u>MEDIUM-TERM BONDS</u>			
Medium-Term Bonds	07/29/2020	\$3,495,000	<u>\$3,007,000</u>

SOURCE: The District's 2022 Final Budget

General Obligation Revenue Secured Bonds

The District has no general obligation revenue bonds outstanding as of June 30, 2021.

The following table shows the affordability of the District's Debt Service.

Debt Service Affordability

Fiscal Year Ending June 30	2020 Audited	2021 Estimated	2022 Budgeted
Total Revenues	\$16,872,289	\$17,911,429	\$19,256,517
Total Expenditures-All Functions	13,648,201	15,984,386	24,672,917
Net Funds Available	\$3,224,088	\$1,927,043	-\$5,416,400
Debt Service ¹	500,989	506,730	656,082
Excess/Unused General Fund Revenues	\$2,723,099	\$1,420,313	-\$6,072,482

¹ The District, as of June 30, 2021, has a General Fund Balance estimate of \$12,109,142.

SOURCE: The District; compiled by JNA Consulting Group, LLC

Medium-Term General Obligation Indebtedness

The District has \$3,007,000 of medium-term debt. The debt is payable from any legally available sources of the District, including a voter approved tax override of \$0.3100.

The following table illustrates the outstanding debt service to maturity for the District's medium-term debt which is paid from the District's general fund.

Outstanding Medium-Term Debt Service
June 30, 2021

<i>Coupon Date</i>	<i>Principal Payment</i>	<i>Interest Payment</i>	<i>Total Debt Service</i>	<i>Fiscal Year Debt Service</i>
08/01/2021	311,000.00	16,388.15	327,388.15	
02/01/2022	314,000.00	14,693.20	328,693.20	656,081.35
08/01/2022	318,000.00	12,981.90	330,981.90	
02/01/2023	320,000.00	11,248.80	331,248.80	662,230.70
08/01/2023	319,000.00	9,504.80	328,504.80	
02/01/2024	322,000.00	7,766.25	329,766.25	658,271.05
08/01/2024	76,000.00	6,011.35	82,011.35	
02/01/2025	76,000.00	5,597.15	81,597.15	163,608.50
08/01/2025	77,000.00	5,182.95	82,182.95	
02/01/2026	77,000.00	4,763.30	81,763.30	163,946.25
08/01/2026	78,000.00	4,343.65	82,343.65	
02/01/2027	78,000.00	3,918.55	81,918.55	164,262.20
08/01/2027	78,000.00	3,493.45	81,493.45	
02/01/2028	79,000.00	3,068.35	82,068.35	163,561.80
08/01/2028	79,000.00	2,637.80	81,637.80	
02/01/2029	80,000.00	2,207.25	82,207.25	163,845.05
08/01/2029	80,000.00	1,771.25	81,771.25	
02/01/2030	81,000.00	1,335.25	82,335.25	164,106.50
08/01/2030	164,000.00	893.80	164,893.80	
	3,007,000.00	117,807.20	3,124,807.20	

SOURCE: The District

General Obligation Debt Limit

NRS 350.013 1.(c)(2) A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit.

State statutes limit the amount of indebtedness which may be incurred by the District to no more than five percent of the District's total reported assessed valuation. Based on the District's assessed valuation for fiscal year 2021 the District's available debt limit is approximately \$87,923,029.

General Obligation Debt Limit Based on Fiscal Year 2021 Assessed Value

NLTFPD Total Assessed Value	\$1,818,600,587
General Obligation Debt Limit (5%)	90,930,029
Outstanding General Obligation Debt	3,007,000
Available General Obligation Debt Limit	\$87,923,029

Other factors also limit the amount of debt the District can issue. These factors include, but are not limited to; available revenues, bond market conditions, and the type of projects to be funded.

General Obligation Debt Comparisons

NRS 350.013 1.(c)(3) A discussion of its general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in this state.

NRS 350.013 1.(c)(4) A discussion of its general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality.

The District currently does not have any outstanding bonds being paid directly from property tax.

Method of Sale

NRS 350.013 1.(c)(5) Policy regarding the manner in which the municipality expects to sell its debt.

Bonds can generally be sold at a competitive or negotiated sale or be privately placed.

Competitive Sale - Offering documents are sent to any firm interested in purchasing the bonds. A day and time are chosen for the sale and bonds are awarded to the firm offering the lowest true interest cost on the bonds (the "TIC"). The TIC is the discount rate which results in a present value of the future debt service payments equal to amount bid for the bonds.

Negotiated Sale - One firm, or group of firms, is chosen in advance to offer the bonds for sale. At the time of sale, interest rates and other terms of the bonds are negotiated with the Underwriter.

Private Placement - A purchaser, usually an individual or bank, is identified and the bonds are placed directly. Interest rates and other terms of the bonds are negotiated with the purchaser.

NRS 350 generally requires bonds issued by the District to be sold at competitive sale. For most District general obligation bonds, a competitive sale will usually result in the lowest TIC on the bonds. There are certain circumstances under which the District would consider a negotiated sale or private placements. Such circumstances include, but are not limited to:

- 1) Bonds issued with a variable rate of interest
- 2) Bonds rated below A- or not rated
- 3) Very small or very large bond issues
- 4) Unstable or highly volatile markets
- 5) Bonds with unusual security or structure

The District will follow the requirements of NRS 350.155 in choosing a method of sale for its bonds. If the District determines that a negotiated sale is warranted for a general obligation bond or a bond secured by an excise tax, it will distribute a request for proposal to underwriting firms. The selection of an underwriter(s) will be based on a determination of the firm that demonstrates its ability to obtain the overall best interest rate for the District. Consideration in making this determination will be given to the firm's experience with similar financings, proposed compensation structure and marketing plan.

Operational Costs of Future Capital Projects

NRS 350.013 1.(c)(7) A discussion of its operational costs and revenue sources, for the ensuing 5 fiscal years, associated with each project included in its plan for capital improvement submitted pursuant to paragraph (d) if those costs and revenues are expected to affect the property tax rate.

The District has prepared a Capital Improvement Plan, which is attached as Appendix A. As noted in Appendix A, some projects will have an impact on the District's general operating funds. Operational costs are funded with revenues of the District and will not affect the property tax rate.

Capital Improvement Plan

NRS 350.013 1.(d) *Either:*

(1) *Its plan for capital improvement for the ensuing 5 fiscal years, which must include any contemplated issuance of general obligation debt during this period and the sources of money projected to be available to pay the debt; or*

(2) *A statement indicating that no changes are contemplated in its plan for capital improvement for the ensuing 5 fiscal years.*

See Appendix B.

Chief Financial Officer of the District

NRS 350.013 1.(e) *A statement containing the name, title, mailing address and telephone number of the chief financial officer of the municipality.*

The chief financial officer of the District is:

Sharon L. Cary
Business Manager
North Lake Tahoe Fire Protection District
866 Oriole Way
Incline Village, Nevada 89451
775-833-8108
775-831-2072 fax

APPENDIX A
DEBT SERVICE SCHEDULES

**Debt Service Summary
Medium-Term Bond
Series 2020**

<i>Coupon Date</i>	<i>Principal Payment</i>	<i>Interest Payment</i>	<i>Total Debt Service</i>	<i>Fiscal Year Debt Service</i>
08/01/2021	311,000.00	16,388.15	327,388.15	
02/01/2022	314,000.00	14,693.20	328,693.20	656,081.35
08/01/2022	318,000.00	12,981.90	330,981.90	
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08/01/2024	76,000.00	6,011.35	82,011.35	
02/01/2025	76,000.00	5,597.15	81,597.15	163,608.50
08/01/2025	77,000.00	5,182.95	82,182.95	
02/01/2026	77,000.00	4,763.30	81,763.30	163,946.25
08/01/2026	78,000.00	4,343.65	82,343.65	
02/01/2027	78,000.00	3,918.55	81,918.55	164,262.20
08/01/2027	78,000.00	3,493.45	81,493.45	
02/01/2028	79,000.00	3,068.35	82,068.35	163,561.80
08/01/2028	79,000.00	2,637.80	81,637.80	
02/01/2029	80,000.00	2,207.25	82,207.25	163,845.05
08/01/2029	80,000.00	1,771.25	81,771.25	
02/01/2030	81,000.00	1,335.25	82,335.25	164,106.50
08/01/2030	164,000.00	893.80	164,893.80	
	3,007,000.00	117,807.20	3,124,807.20	

APPENDIX B

**FIVE-YEAR
CAPITAL IMPROVEMENT PLAN**

FIVE YEAR CAPITAL IMPROVEMENT PLAN
(Per NRS 354.5945)



Minimum level of expenditure for items classified as capital assets	\$ 1,000	ENTITY: North Lake Tahoe Fire Protection District
Minimum level of expenditure for items classified as capital projects	\$ 1,000	DATE: 07/01/2021

		FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
Fund:	General Fund					
Capital Improvement:	Buildings & Improvements	223,858	245,500	-	-	-
Funding Source:	General Fund, Crew Carrier Rev, Grants					
Completion Date:	06-30-XXXX (end of each fiscal year)					
Fund Total		\$ 223,858	\$ 245,500	\$ -	\$ -	\$ -

		FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
Fund:	General Fund					
Capital Improvement:	Vehicles	412,000	250,000	760,000	760,000	760,000
Funding Source:	General Fund, Crew Carrier Revenue					
Completion Date:						
Fund Total		\$ 412,000	\$ 250,000	\$ 760,000	\$ 760,000	\$ 760,000

		FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
Fund:	General Fund					
Capital Improvement:	Technology	-	17,000	-	17,000	-
Funding Source:	General Fund, Crew Carrier Revenue					
Completion Date:						
Fund Total		\$ -	\$ 17,000	\$ -	\$ 17,000	\$ -

		FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
Fund:	General Fund					
Capital Improvement:	Equipment	136,253	296,521	38,200	38,200	38,200
Funding Source:	General Fund, Crew Carrier Revenue					
Completion Date:						
Fund Total		\$ 136,253	\$ 296,521	\$ 38,200	\$ 38,200	\$ 38,200
GRAND TOTALS		\$ 772,111	\$ 809,021	\$ 798,200	\$ 815,200	\$ 798,200

List of Funding Sources:

Property Tax - Gen. Revenues

Charges for Services

Debt

Grants

Other (Please Describe)

Revised 6/3/2021

INDEBTEDNESS REPORT

FY 2021-2022

DEBT MANAGEMENT COMMISSION ACT (NRS 350.013)

1. Has your local government issued any new General Obligation Bond issues since **July 1, 2020**? Yes () No (X)
If so, amount: \$ _____ Date: _____
2. Has your local government approved any new Medium-Term Obligation issues since **July 1, 2020**? Yes (X) No ()
If so, amount: \$ 3,495,000 Date: July 29, 2020
3. Has your local government updated its debt management policy? (Per NRS 350.013) **(Submit updated policy with Indebtedness Report.)** If Yes, submit updated policy with Indebtedness Report or prepare a statement discussing the following areas: Yes (X) No () N/A ()
 - A. Discuss the ability of your entity to afford existing and future general obligation debt.
 - B. Discuss your entity's capacity to incur future general obligation debt without exceeding the applicable debt limit.
 - C. Discuss the general obligation debt per capita of your entity as compared with the average for such debt of local governments in Nevada.
 - D. Discuss general obligation debt of your entity as a percentage of **assessed valuation** of all taxable property within the boundaries of your entity. **(REDBOOK FY 2020-2021)**
 - E. Present a policy statement regarding the manner in which your entity expects to sell its debt.
 - F. Discuss the sources of money projected to be available to pay existing and future general obligation debt.
 - G. Discuss the operating costs and revenue sources with each project.
4. Has your local government updated its five-year capital improvement plan? Yes (X) No ()
(Required pursuant to NRS 350.013, 354.5945 & NRS 354.5947)

Submitted By: Sharon Cary (prepared by JNA Consulting Group, LLC)
(signature)

Entity: North Lake Tahoe Fire Protection District

SCHEDULE OF INDEBTEDNESS AS OF JUNE 30, 2021

CHECK HERE IF YOUR ENTITY HAS NO OUTSTANDING DEBT _____

GENERAL OBLIGATION BONDS

1. General obligation	_____
2. General obligation/revenue	_____
3. General obligation special assessment	_____
Total general obligation bonded debt	_____

MEDIUM-TERM FINANCING

1. General obligation bonds	\$3,007,000
2. Negotiable notes or bonds	_____
3. Capital lease purchases	_____
Total medium-term obligation debt	\$3,007,000

REVENUE BONDS

_____ \$0

OTHER DEBT

1. Capital lease purchases - MTO not required or prior to law change	_____
2. Mortgages	_____
3. Warrants	_____
4. Special assessment	_____
5. Other (specify) _____	_____
6. Other (specify) _____	_____
Total other debt	\$0

TOTAL INDEBTEDNESS

_____ **\$3,007,000**

Note: Please explain and provide documentation for any differences between the amounts reported on this **schedule** and those reported on **Schedule C-1** of your **Final Fiscal Year 2021-2022 budget**.

Entity: North Lake Tahoe Fire Protection District

SCHEDULE OF FIVE-YEAR DEBT SERVICE REQUIREMENTS AS OF JUNE 30, 2021

List for the next five years the total dollar requirement for principal and interest broken down for each type of indebtedness the entity currently has outstanding.

	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	<u>2025-2026</u>
G/O Bonds					
G/O Revenue					
G/O Special Assessment					
Medium-term Financing					
G/O Bonds	\$656,082	\$662,231	\$658,271	\$163,609	\$163,946
Notes/Bonds					
Leases/Purchases					
Revenue Bonds					
Other Lease Purchases					
Mortgages					
Warrants					
Special Assessments					
Other Debt					
TOTAL	\$656,082	\$662,231	\$658,271	\$163,609	\$163,946

Entity: North Lake Tahoe Fire Protection District

SCHEDULE OF DEBT REPAYMENT AS OF JUNE 30, 2021

The repayment schedules should start with the payment of principal and interest due **after June 30, 2021** and continue until any particular issue is retired.

Medium-Term GO Bond, Series 2020

<i>Coupon Date</i>	F	<i>Principal Payment</i>	<i>Interest Payment</i>	<i>Total Debt Service</i>	<i>Fiscal Year Debt Service</i>
08/01/2021	i s c a l	311,000.00	16,388.15	327,388.15	
02/01/2022		314,000.00	14,693.20	328,693.20	656,081.35
08/01/2022		318,000.00	12,981.90	330,981.90	
02/01/2023	Y e a r	320,000.00	11,248.80	331,248.80	662,230.70
08/01/2023		319,000.00	9,504.80	328,504.80	
02/01/2024		322,000.00	7,766.25	329,766.25	658,271.05
08/01/2024	E n d e d	76,000.00	6,011.35	82,011.35	
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08/01/2025		77,000.00	5,182.95	82,182.95	
02/01/2026	J u n e	77,000.00	4,763.30	81,763.30	163,946.25
08/01/2026		78,000.00	4,343.65	82,343.65	
02/01/2027		78,000.00	3,918.55	81,918.55	164,262.20
08/01/2027	3 0	78,000.00	3,493.45	81,493.45	
02/01/2028		79,000.00	3,068.35	82,068.35	163,561.80
08/01/2028		79,000.00	2,637.80	81,637.80	
02/01/2029		80,000.00	2,207.25	82,207.25	163,845.05
08/01/2029		80,000.00	1,771.25	81,771.25	
02/01/2030		81,000.00	1,335.25	82,335.25	164,106.50
08/01/2030		164,000.00	893.80	164,893.80	
		3,007,000.00	117,807.20	3,124,807.20	

Entity: North Lake Tahoe Fire Protection District

(1) CONTEMPLATED GENERAL OBLIGATION DEBT PURPOSE	(2) TYPE	(3) AMOUNT	(4) TERM	(5) FINAL PYMT DATE	(6) INTEREST RATE
NONE					

SPECIAL ELECTIVE TAX PURPOSE	TYPE	RATE	ELECTION DATE	EXPIRATION DATE	IMPLEMENTATION DATE
NONE					