

# **East Fork Fire Protection District**

## **Debt Management Policy**

**Fiscal Year 2021-2022**



**Prepared July 2021**

## **Executive Summary**

This Debt Management Policy was created to fulfill the requirements of NRS 350. It must be sent to the county Debt Management Commission and the Department of Taxation by August 1. The East Fork 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 debt of the District, its ability to afford such debt and other items relating to the issuance of bonds by the District. As of July 1, 2021, the District has \$1,644,000 of general obligation medium-term debt outstanding.

The District has approximately \$116,565,594 of debt limit available. While the District does not have plans to issue debt for the upcoming year, the District reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied. The District is continually evaluating options to best serve the ongoing capital needs of the District while being fiscally responsible. 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.

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## **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.

## **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 \$1,644,000 of medium-term financing outstanding.

While the District does not have plans to issue debt for the upcoming year, the District reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

The following table outlines the outstanding debt of the District.

**Table 1: Outstanding Debt**  
June 30, 2021

	Date Issued	Original Amount	Amount Outstanding
<u>GENERAL OBLIGATION MEDIUM-TERM OBLIGATIONS</u>			
Medium-Term Bonds	11/5/2019	1,966,000	1,644,000
<b>TOTAL GENERAL OBLIGATION DEBT</b>			<b>1,644,000</b>

SOURCE: The District's 2021 Final Budget

### Medium-Term General Obligation Indebtedness

The District currently has \$1,644,000 of medium-term general obligation debt outstanding debt secured by all legally available resources.

**Table 2: Medium-Term General Obligation Debt Annual Debt Service Requirements**

<u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	272,000.00	29,313.60	301,313.60
2023	277,000.00	24,235.80	301,235.80
2024	284,000.00	19,055.70	303,055.70
2025	290,000.00	13,745.40	303,745.40
2026	295,000.00	8,323.50	303,323.50
2027	226,000.00	2,101.80	228,101.80
<b>TOTAL</b>	<b>1,644,000.00</b>	<b>96,775.80</b>	<b>1,740,775.80</b>

SOURCE: The District; compiled by Kathy Lewis, CPA, Finance Director

All debt will be paid from the general fund revenues. The table below shows the general fund resources, expenditures and debt service:

**Table 3: General Fund Revenues, Expenditures, and Changes in Fund Balance**

Fiscal Year Ended June 30	2019	2020	2021
	Audited	Estimated	Budgeted
<b>Revenues</b>			
Taxes	8,960,991	9,466,128	10,068,040
Intergovernmental	3,942,992	4,582,468	3,631,385
Charges for Services	3,516,474	4,222,447	4,954,527
Miscellaneous	114,434	46,700	42,367
<b>Total Revenues</b>	<b>16,534,891</b>	<b>18,317,743</b>	<b>18,696,319</b>
<b>Expenditures</b>			
Salaries & Wages	8,610,172	9,576,016	9,566,170
Employee Benefits	5,108,181	5,549,024	6,626,728
Services & Supplies	2,715,881	2,538,299	2,291,952
Capital Outlay	987,096	810,985	519,000
<b>Total Expenditures</b>	<b>17,421,330</b>	<b>18,474,324</b>	<b>19,003,850</b>
Other Financing Sources/(Uses)	2,046,239	40,000	20,000
Debt Service	328,068	327,260	301,314
Transfer Out	942,000	-	57,429
<b>Net Change in Fund Balance</b>	<b>(110,268)</b>	<b>(443,841)</b>	<b>(646,274)</b>
<b>BEGINNING FUND BALAN</b>	<b>3,880,187</b>	<b>3,769,919</b>	<b>3,326,578</b>
<b>ENDING FUND BALANCE</b>	<b>3,769,919</b>	<b>3,326,078</b>	<b>2,680,304</b>

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## 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 \$116,565,594.

**Table 4: General Obligation Debt Limit**  
Based on Fiscal Year 2021 Assessed Value

EFFPD Total Assessed Value	\$2,364,191,882
General Obligation Debt Limit (5% of Total Assessed Value)	118,209,594
Outstanding General Obligation Debt	1,644,000
Proposed General Obligation Debt	0
Available General Obligation Debt Limit	\$116,565,594

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.

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*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 B. As noted in Appendix B, 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.*

The District's five-year capital improvement plan is included as Appendix B.



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## **Chief Financial Officer of the District**

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

The chief financial officer of the District is:

Kathy Lewis, Finance Director, CFO  
East Fork Fire Protection District  
1649 County Road  
Minden, Nevada 89423

Phone 775-782-9040  
Fax 775-782-9043  
Email [Kmlewis@eastforkfire.org](mailto:Kmlewis@eastforkfire.org)

## Appendix A

<b>East For Fire Protection District, Nevada</b>					
<b>General Obligation (Limited Tax)</b>					
<b>Medium-Term Bond, Series 2019</b>					
<b>Debt Service Schedule</b>					
<b>Payment</b>	<b>2019 Bond</b>				<b>Remaining</b>
<b>Date</b>	<b>Principal</b>	<b>Interest<sup>1</sup></b>	<b>Semi-Annual</b>	<b>Fiscal Year</b>	<b>Balance</b>
07/01/2021		-			1,644,000.00
10/01/2021	136,000	15,289.20	151,289.20		1,508,000.00
04/01/2022	136,000	14,024.40	150,024.40	301,313.60	1,372,000.00
10/01/2022	138,000	12,759.60	150,759.60		1,234,000.00
04/01/2023	139,000	11,476.20	150,476.20	301,235.80	1,095,000.00
10/01/2023	141,000	10,183.50	151,183.50		954,000.00
04/01/2024	143,000	8,872.20	151,872.20	303,055.70	811,000.00
10/01/2024	144,000	7,542.30	151,542.30		667,000.00
04/01/2025	146,000	6,203.10	152,203.10	303,745.40	521,000.00
10/01/2025	147,000	4,845.30	151,845.30		374,000.00
04/01/2026	148,000	3,478.20	151,478.20	303,323.50	226,000.00
10/01/2026	150,000	2,101.80	152,101.80		76,000.00
04/01/2027	76,000		76,000.00	228,101.80	-
<b>Total</b>	<b>1,644,000.00</b>	<b>96,775.80</b>	<b>1,740,775.80</b>	<b>1,740,775.80</b>	
<sup>1</sup> Interest rate 1.860%.					

## Appendix B

Minimum level of expenditure for items classified as capital assets		\$ 5,000					ENTITY: East Fork Fire Protection District
Minimum level of expenditure for items classified as capital projects		\$ 100,000					DATE: 07/09/21
		FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026	
<b>Fund:</b>	General Fund						
<b>Capital Improvement:</b>	Purchase of Type 5 Engine	170,000					
	Purchase of Light Duty Vehicles	55,000					
<b>Funding Source:</b>	Other - Contract with NV Energy for Fuels Management						
<b>Completion Date:</b>	12/31/2021						
<b>Fund Total</b>		<b>225,000</b>	-	-	-	-	-
<b>Fund:</b>	General Fund						
<b>Capital Improvement:</b>	ASL Ambulance Remounts and Purchases	135,000	225,000	140,000		145,000	
	Purchase of Light Duty Vehicles	72,000	60,000	72,000		80,000	
	Purchase and Replacement of Rescue Tools	30,000					
	Cardiac Monitor/ Mechanical CPR	38,000					
	Station Gym Equipment Replacement/Upgrade	7,500		10,000		10,000	
	Rope Replacement	11,500				11,500	
<b>Funding Source:</b>	General Revenues						
<b>Completion Date:</b>	6/30/2026						
<b>Fund Total</b>		<b>294,000</b>	<b>285,000</b>	<b>222,000</b>	-	<b>246,500</b>	
<b>CIP Totals</b>		<b>519,000</b>	<b>285,000</b>	<b>222,000</b>	-	<b>246,500</b>	
<b>List of Funding Sources:</b>	Property Tax - Gen. Revenues						
	Charges for Services						
	Debt						
	Grants						
	<b>Other ( Please Describe)</b>						