

IVGID Indebtedness Report for the Fiscal Year June 30, 2023
Approved by the IVGID Board of Trustees June 28, 2023

EXECUTIVE SUMMARY

This Indebtedness Report has been prepared to fulfill the requirements of NRS 350.013 for the year ended June 30, 2023. The Incline Village General Improvement District (the District) is generally limited in the bonds it can issue by its statutory debt limit and the amount of revenue available to pay debt service on bonds. This report presents the outstanding and proposed debt of the District, its ability to afford such debt, and other items relating to the issuance of the debt by the District.

As of the fiscal year ending June 30, 2023, the District has outstanding debt totaling \$2,791,017 including \$2,362,957 of general obligation bond debt, \$400,192 in outstanding debt (revenue-pledged loan contracts) with the State of Nevada Revolving Fund, and \$27,868 outstanding debt on a medium-term capital equipment lease. The \$2.36 million in general obligation bond debt represents debt secured by net revenues from the District's utility operations.

The District presently has a statutory debt limit of \$983,778,232, based on the final 2022-23 Redbook Assessed Valuation of \$1,967,556,463. Of this statutory debt limit, the District's overall debt as of June 30, 2023 results in \$980,987,215 (99.7%) of remaining statutory debt limit.

Notwithstanding this statutory debt limit, the District has established its own internal debt limit through Board Policy 14.1.0 (Debt Management and Limits) and related Board Practice 14.2.1 (Debt Issuance Limitations). The District's internal limitation is generally based on maintaining a debt coverage ratio *over the term of an issue* that reflects affordability relative to District's net operating revenues.

The internal limit set through Board Practice 14.2.1 establishes minimum debt service coverage ratio of 1.75-times coverage for "utility" (water and sewer) related debt service, and 1.5-times coverage for "non-utility" debt service. The Practice further states that while it is acceptable for this standard to be met, on average, over the life of the debt issue, the coverage ration should not fall below 1.0 in any one year.

For fiscal year 2023/24 the Final Budget (per Form 4404LGF) provides for the following debt coverage ratios, as computed pursuant to Board Practice 14.2.1:

	<u>FY2023/24 Budget</u>	<u>Policy Level</u>	<u>Minimum Level</u>
Community Services Fund	n/a	1.50	1.0
Beach Fund	n/a	1.50	1.0
Utility Fund	7.87	1.75	1.0

All of the District's major funds currently maintain debt coverage ratios well in excess of the internal debt ratios established by Board policy.

EXECUTIVE SUMMARY

In addition to limitations imposed by the Policy's debt coverage requirements, this practice highlights that:

"The effective limitation on the total of bonds outstanding at a given point of time is expected to be a function of the feasibility in the marketplace for a proposed issue, combined with the District existing Bond Rating, the financial projections of the District and the ability to sell bonds within the projected parameters."

The budget for the fiscal year ending June 30, 2024, adopted on May 25, 2023, does not contemplate the issuance of any new general obligation bonds in that fiscal year. The budget does, however, contemplate additional State Revolving Fund loan debt, to be backed by utility revenue bonds, backed by a net revenue pledge from utility operations.

Form NVTC-LGF-11 (formerly 4411-LGF) as of July 1, 2023, includes the District's updated Five Year Capital Plan (\$123,846,448) as well as FY2022-23 Carry-forward appropriations (\$112,443) for a combined total of \$123,958,891.

Additional State Revolving Fund debt financing is contemplated in the District's Five-Year Capital Plan, however no additional debt has been formally authorized to be issued for the fiscal year ending June 30, 2024. Specifically, the District Multi-year Capital Plan assumes debt financing related to:

<u>Fund</u>	<u>Project</u>	<u>Fiscal Year</u>	<u>Amount (est.)</u>	<u>Type of Debt</u>
<i>Utility Fund</i>				
	Export Pipeline Project	FY2023/24	\$36,700,000	Revenue Bonds SRF Loan
<i>Community Services / Beach Funds</i>				
	Diamond Peak Projects	TBD	TBD	General Obligation

Further consideration and action by the Board of Trustees is required before any bond, or other debt, will be authorized or issued.

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 State of Nevada Form 4411LGF Reporting Five-Year Capital
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 Reconciliation of Debt Service Requirements State of Nevada Form NVTC-
 LGF10 as of July 1, 2023 (1 page)..... Attached

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has been or will be repaid from the identified resources developed from user fees or the Recreation and Beach Facility Fee (which is an availability of service charge as defined under NRS 318.197) and is collected on specified parcels within the District's boundaries as allowed under NRS 318.201.

Sources Available to Pay Existing, Authorized Future and Proposed General Obligation Bond Indebtedness

The District's annual operating budget process considers the use of resources in an order of priority. User fees and the Recreation and Beach Facility Fee are set at levels to assure the proper coverage of debt service requirements from each activity for its related bond(s). The capital improvement charges, which are a part of utility rates, are adopted by ordinance and are established in a process that allows public notice and input, before setting a schedule for the coming year and forward. The District's elected Board of Trustees adopts utility rates through an ordinance amendment. The Recreation and Beach Facility Fee is set each year and includes a matter of public notice and hearing before adoption in connection with the fiscal operating budget.

The assumptions for rate of collection have proven to be at adequate levels so that amounts realized are sufficient to meet intended needs including debt service requirements.

The 5-Year Capital Project Summary for the period July 1, 2023 through June 30, 2028 includes projects that may be financed, in part, through a future general obligation bond issue or other debt. The capital plan contemplates additional debt financing to support construction of Effluent Export Pipeline Project through either issuance of utility-revenue bonds or via a low-interest State Revolving Fund loan. The Board of Trustees also continues to discuss the possibility of issuing new debt for selected priority projects, including Ski Way and Diamond Peak Parking Lot Reconstruction, renovation of Snowflake Lodge and renovation of the Incline Beach House through issuance of general obligation bonds.

The projects that are potentially to be supported by new debt are contemplated within the five-year planning horizon, but have not yet been formally approved or scheduled. Any potential bond issue currently contemplated would not significantly affect the District's Debt Limit.

General Obligation Debt Limit

State statutes limit the amount of indebtedness to no more than 50% of the District's total assessed valuation. The District presently has a statutory debt limit

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Outstanding General Obligation Debt as of June 30, 2023

Issue	Issue Date	Maturity Date	Amount Issued	Outstanding *
State of Nevada - State Water Pollution Revolving Fund				
Water Pollution CS32-0404	8/1/2006	1/1/2026	\$ 3,000,000	\$ 622,610
Drinking Water DW1201	3/16/2012	1/1/2032	\$ 3,000,000	\$ 1,740,347
<i>Total GO Revenue Utility Debt</i>				<u>\$ 2,362,957</u>
Total General Obligation Bonds Debt				<u>\$ 2,362,957</u>
<hr/>				
Medium-Term Obligation				
Capital Equipment - Installment Purchase Agreement				
PNC Equipment Finance, LLC (# 9898941)	2/12/2020	5/1/2025	\$ 121,605	\$ 27,868
Total Medium-Term Obligations				<u>\$ 27,868</u>
<hr/>				
State of Nevada Revolving Funds (Loan Contracts with Utility Revenue Pledge)				
Drinking Water IVGID-1	9/9/2004	7/1/2025	\$ 1,687,282	\$ 284,120
Clean Water - CW-2302	4/14/2023	7/1/2052	82,500	\$ 116,072
Total Loan Contracts with Revenue Pledge				<u>\$ 400,192</u>
Total Debt Outstanding *				<u><u>\$ 2,791,017</u></u>

* Includes Principal and Interest due on Outstanding Debt

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 sale, negotiated sale or to be privately placed.

Competitive Sale - Offering documents are sent to any firm interested in purchasing 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 ("TIC"). The TIC is the discount rate which results in the present value of the future debt service payments equal to the bid for the bonds.

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FIVE YEAR CAPITAL IMPROVEMENT PLAN
(Per NRS 354.5945)



Minimum level of expenditure for items classified as capital assets		\$10,000		ENTITY: Incline Village GID		
Minimum level of expenditure for items classified as capital projects		\$10,000		DATE: Period Beginning July 1, 2023		
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Fund:	General Fund					
Capital Improvement:	5-Year Capital Improvement Plan	\$ 1,865,000	\$ 1,061,000	\$ 555,000	\$ 699,600	\$ 562,500
	Carry-Forward Funding from Prior Year(s)	112,443				
Funding Source:	General Fund Revenues (Property / Consolidated Taxes)					
	Available Fund Balance	x	x	x	x	x
Completion Date:	Within Each Fiscal Year, as Scheduled	\$ 1,977,443	\$ 1,061,000	\$ 55,000	\$ 699,600	\$ 562,500
Fund Total						
Fund:	Utility Fund					
Capital Improvement:	5-Year Capital Improvement Plan	\$ 20,745,000	\$ 4,831,000	\$ 6,763,700	\$ 3,587,000	\$ 1,956,000
	Carry-Forward Funding from Prior Year(s)					
Funding Source:	Charges for Services - Utility Rate Revenues	x	x	x	x	x
	Available Fund Balance	x	x			
	Debt - State Revolving Fund (SRF) Loans	x	x	x		
	Grants - Capital	x	x			
Completion Date:	Within Each Fiscal Year, as Scheduled					
Fund Total		\$ 63,745,000	\$ 4,831,000	\$ 6,763,700	\$ 3,587,000	\$ 1,956,000
Fund:	Internal Services Fund					
Capital Improvement:	5-Year Capital Improvement Plan	\$ -	\$ 21,200	\$ 45,000	\$ 20,000	\$ 45,000
Funding Source:	Charges for Services		x	x	x	x
Completion Date:	Within Each Fiscal Year, as Scheduled					
Fund Total		\$ -	\$ 21,200	\$ 45,000	\$ 20,000	\$ 45,000

List of Funding Sources

- Property Tax - Gen. Revenues
- Charges for Services
- Debt
- Grants

Note: FY23-24 Capital Budget within the Utility Fund includes an appropriation of \$57,000,000 in support of the Effluent Pipeline Project (CIP# 2524SS1010). This project is expected to be completed over the next 2-3 years; as such the District's FY23-24 Final Budget (Form 4404LGF) reflects an estimated \$17.5 million estimated to be expended in the budget year.

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