
POLICY NO. 35

COMPREHENSIVE DEBT POLICY

1. DEFINITIONS IN THIS POLICY:

DEBT SERVICE BURDEN means the amount of principal and interest that must be paid in each fiscal year on all long-term debt obligations including debentures, term loans, capital leases, payments to other municipal units for the purpose of debt servicing, and short-term debt. Transfers from other municipal units for the purpose of debt service charges are netted from this figure.

OWN SOURCE REVENUE means revenues from property taxes, grants in lieu of property taxes, services provided to other governments, sale of services, and other revenue from own sources as detailed in the Municipal Accounting and Reporting Manual.

DEBT SERVICE BURDEN RATIO means the annual debt service burden in a specified fiscal year divided by the total own source revenue for that particular year.

DEBT SERVICE SCHEDULE means a schedule of current and projected debt service charges, own source revenues, and debt burden ratios.

2. DEBT SERVICE LIMIT

Annual debt service burden will be 10% or less of own sources revenue.

3. DEBT CEILING

Total per capita debenture debt will be \$800.00 or less.

4. SHORT-TERM DEBT

All short-term debt will be retired within one (1) year of the completion of the project for which it was incurred.

5. MATURITY LIMIT

The maximum maturity for debentures will not exceed the useful life of the project for which they were incurred.

6. AMORTIZATION FLOOR

70% of straight serial debenture principal will be retired within ten (10) years of the year of issuance.

7. NON-DEBT FUNDING

A minimum of 5% of all new capital projects will be financed out of current operating revenues.

8. MAINTENANCE REQUIREMENTS

The maintenance of existing capital assets will take priority over the acquisition of new facilities.

Approved January 28, 1998