<u>Debt Policy</u>

I. <u>Background</u>

A. This policy establishes the maximum level of indebtedness which would allow the County to maintain a positive financial position.

B. A debt policy also addresses the purposes for the types of debt that will be issued.

II. <u>Issuance Guidelines</u>

A. The County will not use short-term borrowing to finance operating needs.

B. The maturity of any debt will not exceed the expected useful life of the project for which the debt is issued.

C. Debt shall not constitute an unreasonable burden to residents and taxpayers.

D. Debt ratios for general governmental debt:

  1. Debt as a percentage of assessed value will not exceed 2.5%.
  2. The debt per capita will not exceed a ratio of $1,900 as of June 30, 2007, growing annually at 2%.
  3. Debt service as a percentage of general governmental expenditures will not exceed 10%.
  4. Debt per capita income will not exceed a ratio of $5,000.

E. At least 25% of total debt will be repaid within 5 years and at least 50% of total debt within 10 years.

F. Variable rate debt will be limited to 10% of total outstanding debt.

G. Debt coverage ratios for public utility and airport debt will be in compliance with all debt covenants and all debt coverage ratios will meet or exceed minimal legal thresholds.

H. The following issuances of debt require approval and appropriation of the proceeds by the Board of Supervisors.

  1. Bond and revenue anticipation notes
  2. General obligation bonds
  3. VPSA Bonds and State Literary Fund loans
  4. Revenue bonds
  5. Capital acquisition leases and notes
  6. Refundings and refinancings, excluding proprietary fund debt that does not require appropriation of debt proceeds
  7. Moral obligation debt

I. In order to seek timely access to market conditions, proposals for refundings and refinancings can be solicited with County Administrator's authorization noting that Board approval is still needed for any issuance of debt.