

PRINCE GEORGE'S COUNTY BOARD OF EDUCATION
Prince George's County Public Schools
Upper Marlboro, MD 20772

3120
Policy No.

BOARD OF EDUCATION POLICY

BUSINESS AND NON-INSTRUCTIONAL OPERATIONS

Debt Management

The purpose of this policy is to establish guidelines governing the issuance, management evaluation of and reporting of all debt. The Boards' Finance, Audit and Budget committee makes recommendations regarding the issuance of debt obligations and the management of outstanding debts. The Board will conform to all state and local statutes governing the investment of public funds, as well as applicable Federal and State regulatory requirements.

This debt management policy provides a general framework for planning and reviewing debt proposals. Debt decisions will be the result of deliberate consideration of all factors involved. Debt may be issued subject to the debt term restrictions and the ability to pay for new annual debt service costs.

Guidelines

In assessing projects, principles will be aligned with priorities of the approved strategic plan, demonstrable benefits including cost minimization, risk management and other factors. Acceptable ranges for debt limits are:

Financing or capital lease debt will be considered to finance certain equipment and buses not to exceed 5% of the total unrestricted budget. Individual revenue streams considered for proposed debt service must meet a 2.0% debt coverage ratio test. Exceptions to this policy may be granted by the Board of Education where alternative funding sources are identified and determined appropriate. A quarterly report will be prepared by the Chief Financial Officer on the status of obligations outstanding, including a list of projected needs, a comparison of revenue projections sufficient to pay for the debt service and the balance.

This policy will be carried out by the Superintendent of Schools, Secretary/Treasurer of the Board of Education, through the Office of the Assistant Treasurer based upon administrative procedures specifically developed for this purpose.

Policy Adopted
6/1/06

Policy Amended
6/7/07