

Purpose

To establish guidelines governing the issuance, management evaluations of, and reporting of all debt

Definitions

Alternative financing methods – allows for the payment of acquired assets over time but does not require the full faith and credit of the public entity. Examples are leases and lease purchase transactions in which the asset being financed provides security for the financing.

Bonds – usually general obligations, but other types of bonds are also issued, of a public entity that pledges its full faith and credit (taxing or revenue raising authority) to guarantee repayment of the debt.

Capital Improvement Plan (CIP) – a six year plan that identifies capital projects for the improvement of school facilities. The plan provides a link between the public schools and the State (through its Interagency Committee on Public School Construction or IAC) relative to the State's annual budget, and between the Board of Education and county government's comprehensive plan and annual budget.

Debt Service – the amount set aside annually in a fund to pay the interest and the part of the principal due on the debt.

Policy Statement

The Allegany County Public School does not have authority under State Law to issue bonds as defined above. The Allegany County Government determines the long term debt financing levels and mechanisms to be used in conjunction with the Board of Education's Capital improvements Plan to be funded through the School Construction Plan. Allegany County Public Schools does not have the ability to access State revolving loan funds or pools. The school system does not have the authority to enter into revenue debt, conduit debt, or any type of hybrid debt.

The only debt the school system is permitted to employ is alternative financing types of debt that shall be approved by the Board of Education and County Commissioners.

All lease agreements will be reviewed by the finance department to ensure consistency with school system policy and Maryland law. Leases paid for by central office funds will be approved as part of the annual budget process. No lease financing in excess of \$100,000 will be entered into without approval of the Allegany County Board of Education.

Legal Reference			
Policy Cross Reference	Adopted	Reviewed	Revised June 8, 2010 1st Reading Aug. 10, 2010 2nd Reading