

 Lake County Policy	3.4 Debt Policy
	Approved by the County Board on: May 10, 2022

1. Purpose and Intent

1.1 The purpose of this Debt Policy is to provide guidelines affecting the amount, issuance, process, and type of governmental debt that is issued by Lake County.

2. Background

2.1 The debt policy establishes criteria for the issuance of debt obligations so that acceptable levels of indebtedness are maintained. In addition, it ensures consistency and continuity to govern the planning and execution of capital projects or other initiatives funded by debt.

2.2 The County’s Capital Improvement Plans (CIPs) are essential to planning of debt issuance and management providing a long-term plan that identifies and prioritizes potential capital investments, their costs and benefits, and potential funding sources for each improvement.

3. Scope

3.1 This policy applies to all departments, agencies / commissions, and elected offices whose funding is approved by the Lake County Board, unless meeting criteria that waves this requirement as defined in policy 3.1 Finance Policy.

3.2 This policy applies to the following revenue concepts: diversification and stabilization; revenue estimates; taxes; and user fees as approved by the Lake County Board unless meeting criteria that waves this requirement as defined in policy 3.1 Finance Policy.

4. Authority

4.1 Authorities are in accordance with policy 3.1 Finance Policy.

5. Policy

5.1 Lake County will ensure that all long-term financing complies with federal, state and local legal requirements.

5.2 The County will limit long-term borrowing to capital improvements that cannot be financed from current revenues and/or reserves.

5.3 When the County finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the asset.

- 5.4 By statute, total amount of general obligation outstanding debt will not exceed 5.75% of total assessed valuation. The actual outstanding debt ratio will be reported with the annual budget and the Annual Comprehensive Financial Report.
- 5.5 The County will not use debt for current operations.
- 5.6 The County will seek to issue its general or revenue bond obligations in a competitive sale unless it is determined by the County Administrator or Chief Financial Officer that such a sale method will not produce the best results for the County. If the bids received through a competitive bidding are deemed unsatisfactory or if no bids are received, the County will enter into negotiation for sale of the bonds.
- 5.7 The County will continue to maintain good communications with bond rating agencies about its financial condition. The County shall comply with all ongoing disclosure conditions and shall file such required documents in a timely manner.
- 5.8 The CFO will provide the County Administrator and the Board with a risk analysis and assessment prior to any bonding decision. A specific funding source will be identified for repayment in order to ensure that debt is affordable and sustainable.
- 5.9 Lake County encourages the use of refunding if a lower interest rate can be obtained; a change in the debt service schedule is required; or there is a need to restructure other compliance requirements.
- 5.10 Policy review and update shall be in accordance with policy *3.1 Finance Policy*.

6. Severability

- 6.1 If any section or provision of this document should be held invalid by operation of law, none of the remainder shall be affected.

7. Non-Discrimination

- 7.1 Lake County prohibits the discriminatory application, implementation, or enforcement of any provision of this policy on the basis of race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, gender identity housing status, or any other protected category established by law, statute, or ordinance.

Policy History			
Version	Date Adopted	Legistar Item #	Notes
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