

# Klamath County School District

Code: DC  
Adopted: 9/21/95  
Readopted: 4/17/12; 7/11/13; 8/21/13  
Orig. Code(s): DC

## Debt Management Policy

The Board shall be fiscally prudent in approving short-term and long-term debt. The Board, in its role as elected public officials, assumes fiduciary responsibility for the resources and liabilities of the Klamath County School District.

### Delegation of Duties

The superintendent and director of business services are charged with carrying out this Debt Management Policy in addition to developing recommendations for debt financings.

### Commitment for Repayment of Debt

The district commits to repay all indebtedness consistent with each executed agreement.

### Short-Term Debt

The district shall not incur short-term debt to fund current operations, with the exception of (1) issuing Anticipation Notes for lapses in receipt of budgeted resources, such as State Support Fund and Property Taxes; and (2) entering into capital projects or equipment acquisition that exceeds the threshold outlined in the district's procurement rules.

### Long-Term Debt

The district, when issuing long-term debt, will limit the length of the debt issuance to a period of time equal to or less than the expected useful life of the project or equipment. Long-term debt shall not be used to finance current operations.

### Bonded Debt Limitation – General Obligation Bonds

Oregon Revised Statute (ORS) 328.245 establishes a parameter of bonded indebtedness for school districts to no more than 7.95 percent of the Real Market Value of all taxable properties within the district, if the district's voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b.

When General Obligation Bonds are approved by the voters, a separate Debt Service Fund will be established in the annual budget for each debt issuance.

### General Fund Debt

The district will not incur General Fund debt which places an unreasonable drain on resources available for educational purposes or adversely impacts the district's fund balance. General Fund debt will not exceed twelve percent of annual General Fund expenditures.

## **Credit Enhancements**

Credit enhancements can reduce the cost of borrowing by reducing interest rates and consequently, investor risk. The district, when feasible, will request qualification for the Oregon School Bond Guaranty program with applicable debt issuances.

## **Investing Debt Proceeds**

Safety of capital is regarded as the highest priority in handling the investments of debt proceeds. All other investment objectives, including rate of return, are secondary to the safety of capital. Debt proceeds will be invested according to applicable Oregon Revised Statutes taking into consideration the timing of when payments will be required for the debt-funded project.

## **Compliance and Reporting**

The district will follow a policy of full disclosure in its annual audit. The district will also follow a policy of full disclosure in the Official Statement and offering document when issuing debt. The district, on an annual basis, will provide ongoing financial reporting in compliance with federal and state securities laws and regulations.

The district shall comply with all covenants and requirements of financing resolutions, and applicable state and federal laws authorizing and governing issuance and administration of debt obligations.

The district shall contract for arbitrage calculation services to monitor the earnings on its debt proceeds for each applicable debt series and determine whether a rebate is necessary.

END OF POLICY

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### **Legal Reference(s):**

[ORS 294.305 - 294.565](#)

[ORS 328.542 - 328.565](#)

OR. DEP'T OF EDUC, PROGRAM BUDGET AND ACCOUNTING MANUAL.