



## CHELAN FIRE AND RESCUE

### SHORT- AND LONG-TERM DEBT FINANCING Standard Operating Guideline 104

Division: Administration

SOG - 104	REVIEWED: 11-25-2019	ISSUED BY: Chief Donnell
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REFERENCE: None

#### 1.0 POLICY:

- 1.1 **Policy 104: Short- and Long-Term Debt Financing** - Voted and non-voted approved debt may be used by the Fire District to finance the five-year Capital Improvement Plan up to the statutory debt limits of the Fire District. Chelan Fire and Rescue may use short or long-term tax-exempt or taxable debt for capital projects that may or may not be financed out of current revenues:

#### 2.0 SCOPE

- 2.1 This Standard Operating Guideline applies to debt financing.

#### 3.0 DEFINITIONS

- 3.1 **Voter Approved Long Term General Obligation Bonds:** Bonds sold to fund capital improvements following an approval vote of the general public requiring a 60% approval with 40% of the voters from the last general election casting their vote. This is an additional tax outside the Fire Levy to collect the necessary funds to make the annual payments on the bonds.
- 3.2 **Non-Voter Approved:** Commissioner Warrants or non-voter approved bonds used for Capital Improvements. Meaning borrowing monies dedicated to the approved purpose of the loan with annual payments being made from the General Fund.
- 3.3 **Capital Improvements:** Up-grades and/or replacement of Capital assets such as facilities, apparatus and/or equipment.

#### 4.0 GENERAL

- 4.1 The Fire District shall consider all revenue sources and current and future expenditure obligations when considering the use of debt financing.

- 4.2 The over-all long-term financial health and impacts to the general fund shall be considered and evaluated when using non-voted approved debt financing.
- 4.3 Debt financing maybe considered in the following circumstances, but is not limited to:
- When a Capital Asset’s useful life will exceed the term of the financing;
  - When specific dedicated revenue sources, such as voted or non-voted approved levies, will be insufficient to service the capital debt;
  - When the Fire District finds the Capital Improvement Plan will advance the care or provide additional benefits to the citizens it protects within its jurisdiction.
- 4.4 Unspent proceeds for debt financing may be allocated to a different project than the one it was intended for, provided:
- The Board was informed of the surplus monies and approved the redirection of the funds and;
  - An open public meeting is held, when required by federal, state or local statute, to advise them of this development and to seek their comment.
- 4.5 **Voter Approved** debt financing shall be maintained and managed separately from all other accounts.
- 4.6 Interest earnings shall be separately accounted for and attributed to the originating debt obligation funding source.
- 4.7 Debt Financing is not considered appropriate for current operating and maintenance expenses that are the result of any decision by the Fire District to refrain from resizing operating expenditures to available revenue sources that have experienced recent reduction in volume.

## **5.0 GUIDELINES**

- 5.1 None

## **6.0 APPENDIX**

- 6.1 None