



Twentynine Palms Public Cemetery District

POLICY TITLE: Debt Management

POLICY NUMBER: 2155

This Debt Policy is intended to comply with Government Code Section 8855(i) and shall govern all debt issued by the District. The District hereby recognizes that a fiscally prudent debt policy is required to:

- a) Maintain the District's sound financial position.
- b) Ensure the District has the flexibility to respond to changes in future service priorities, revenues, and operating expenses.
- c) Protect the District's credit-worthiness.
- d) Ensure that all debt is structured to protect current and future taxpayers, ratepayers and constituents of the District.
- e) Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.

2155.1

Purposes for Which Debt May Be Issued

2155.1.1 Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District. Long-term debt financings are appropriate:

- a) When a project to be financed is necessary to provide District services.
- b) When the project to be financed will benefit constituents over several years.
- c) When total debt does not constitute an unreasonable burden to the District and its taxpayers or ratepayers.
- d) When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves.

2155.1.2 Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:

- a) The project to be financed must be approved by the District Board.
- b) The District estimates that sufficient revenues will be available to service the debt through its maturity.
- c) The District determines that the issuance of the debt will comply with the applicable state and federal law.

2155.1.3 Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows to maintain a steady and even cash flow balance as in anticipation of periodic receipts of property taxes and other revenues. Short-term debt may also be used to finance short-lived capital projects: for example, the District may undertake lease-purchase financing for equipment consistently with debt limit requirements of article XVI of the California Constitution, article

2155.2

Types of Debt - The following types of debt are allowable under this Debt Policy:

- a) Long Term Debt
- b) Short Term Debt
- c) Lines of Credit

2155.2.1 The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. Debt



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shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

2155.3

Relationship of Debt to Capital Improvement Program and Budget

2155.3.1 The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and capital improvement plan.

2155.3.2 The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

2155.3.3 The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

2155.4

Policy Goals Related to Planning Goals and Objectives

2155.4.1 The District is committed to long-term financial planning, maintaining appropriate reserves, and employing prudent practices in governance, management, and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operations budgets.

2155.4.2 It is a policy goal of the District to protect taxpayers, ratepayers and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical total borrowing costs.

2155.4.3 The District will comply with applicable state and federal law as it pertains to the maximum term of debt.

2155.4.4 When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations. The cost of refinancing will always be less than the savings.

2155.4.5 Capital investments intended to reduce District operating costs indefinitely, as by improving the efficiency of its operations, are appropriate for long-term debt.



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