Town of Needham Select Board

Policy Number:	SB-FIN-003
Policy:	Debt Management Policies
Date Approved: **Date Revised:**	May, 1991 December, 1998 April 7, 2009 December 20, 2022 January 9, 2024
Approved:	MB Cooley

General Provisions

A. Proceeds from long-term debt will not be used for current, ongoing operations.

B. The Town will strive to limit total debt service, including debt exclusions and self-supporting debt, to ten percent (10%) of gross revenues.

C. The Town will allocate or reserve three percent (3%) of projected General Fund revenue (e.g. property taxes less debt exclusions, state aid, and local receipts) for debt service.

D. The Town will limit annual increases in debt service to a level that will not materially jeopardize the Town's credit rating.

E. For those previously authorized bonded projects with residual balances, the Town Manager shall propose the reallocation of these balances for other capital projects in conformance with Massachusetts General Laws Chapter 44, Section 20.

F. For those previously authorized projects funded with available revenue (tax levy or reserves), that have residual balances in excess of $25,000, the Town Manager shall propose the reallocation of these balances for other future capital projects in conformance with Massachusetts General Laws Chapter 44, Section 33B. This practice will avoid abnormally inflating general fund surplus with one-time receipts.

G. For those previously authorized projects funded with available revenue (tax levy or reserves), with residual balances of less than $25,000, the Deputy Town Manager/Director of Finance may authorize the Town Accountant to close these balances to the appropriate fund surplus.

H. The Town will attempt to limit bond sales in any calendar year to $10,000,000 in order to maintain bank qualifications and thereby receive lower interest rates on bonded debt.

I. Long-term borrowing will be confined to capital improvements too expensive to be financed from current revenues. In general, the Town will attempt to finance purchases costing less than $250,000 with operating revenues.

J. Bonds will be paid back within a period not to exceed the expected useful life of the capital project.

K. To the extent practicable, user fees will be set to cover the capital costs of enterprise type services or activities - whether purchased on a pay-as-you-go basis or through debt financing - to avoid imposing a burden on the property tax levy.

L. Ongoing communications with bond rating agencies will be maintained, and a policy of full disclosure on every financial report and bond prospectus will be followed.