



## **DEBT SERVICE POLICY**

### **Debt Issuance Approval**

Union Parish Police Jury must receive State Bond Commission approval when seeking to issue debt. An application will be submitted to the State Bond Commission requesting the authority to incur debt or levy related taxes. The State Bond Commission staff will review the application for compliance with applicable laws and feasibility, including the ability to repay the debt. At this time the State Bond Commission will approve or deny application.

If approved by the State Bond Commission, the Union Parish Police Jury will vote to approve any external financings (bonds, notes, leases) or refinancing arrangements, including the selection and use of legal, accounting, and any other professional service providers that are needed.

After bonds have been sold, the Union Parish Police Jury will follow the bond indenture or after other debt is issued, the Union Parish Police Jury will follow the requirements of the debt agreement which may include continuing disclosure/EMMA reporting requirements, debt reserve requirements and debt service requirements.

### **Debt Reserve Requirements**

Union Parish Police Jury must meet all debt reserve requirements, including establishing sinking fund accounts, reserve accounts, and/or contingency accounts, if required by the debt instrument. If the entity does not meet its debt reserve requirements, the Secretary/Treasurer must notify the State Bond Commission in writing. A failure to meet debt reserve requirements would likely require a disclosure under Continuing Disclosure Requirements below, based on the terms of the debt instrument.

### **Debt Service Requirements**

Union Parish Police Jury must meet all debt service requirements, including principal, interest, premiums, or other payments. If the entity does not meet its debt service requirements, the Secretary/Treasurer must notify the State Bond Commission in writing. The Secretary/Treasurer must also notify the Legislative Auditor in writing either on or before 120 days before the due date of such payment, or as soon as the officers of the governing authority know, or have good reason to know, that such failure is reasonable likely to occur, whichever occurs last.

If debt service is funded by a tax millage, the Union Parish Police Jury should not collect more in taxes than is reasonable for debt service. The taxes that are dedicated for amortization of the debt and the debt will be accounted for separately and in a manner that will facilitate the audit of the funds and give accountability to the elected officials that the debt will be paid in full in a timely manner or as outlined in the debt agreements. It is the responsibility of the Secretary/Treasurer to review bond covenants and establish procedures to ensure that the Sinking Fund and Reserve Requirements are met. This includes,

but not limited to, monthly sinking fund transfers as dictated by debt service transfer schedules and maintenance of reserve requirements.

It is the responsibility of the Secretary/Treasurer to ensure payments are being made in a timely fashion and reports are presented to the jury.

The debt will be used in the manner as approved in the resolution approving the debt.

**Effective 10/3/17**  
**Revised 11/6/18**