

OFFICE OF THE SUPERINTENDENT

Millburn Public Schools

INFORMATION ITEM

September 7, 2010

To: Board of Education Members

From: Ellen E. Mauer, PhD

Subject: First Reading-Incurring Debt-4:40

This policy is updated to include a requirement that the superintendent inform the state prior to a district issuing any form of long or short-term debt that would cause the district to exceed 75% of the debt limit specified by law.

We ask that you use this as your first reading period and then put this on the next BOE meeting agenda for a second reading and approval.

## Operational Services

### Incurring Debt <sup>1</sup>

The Superintendent shall provide early notice to the School Board of the District's need to borrow money. The Superintendent or designee shall prepare all documents and notices necessary for the Board, at its discretion, to: (1) issue State Aid Anticipation Certificates,<sup>2</sup> tax anticipation warrants,<sup>3</sup> working cash fund bonds,<sup>4</sup> bonds,<sup>5</sup> notes,<sup>6</sup> and other evidence of indebtedness,<sup>7</sup> or (2) establish a line of credit with a bank or other financial institution. <sup>8</sup> The Superintendent shall notify the State Board of Education before the District issues any form of long-term or short-term debt that will result in outstanding debt that exceeds 75% of the debt limit specified in State law. <sup>9</sup>

LEGAL REF.: 30 ILCS 305/2 and 352/1 et seq.  
50 ILCS 420/  
105 ILCS 5/17-16, 5/17-17, 5/18-18, and 5/19-1 et seq.

CROSS REF.: 4:10 (Fiscal and Business Management)

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**The footnotes are not intended to be part of the adopted policy; they should be removed before the policy is adopted.**

<sup>1</sup> State law controls this policy's content. School districts are subject to a statutory debt limitation (105 ILCS 5/19-1(a); other provisions in 5/19-1 contain exceptions. Not all forms of indebtedness are subject to the statutory debt limitations. Before incurring any debt, the board must be certain that the debt will be within the district's debt limitation.

<sup>2</sup> 50 ILCS 420/1 et seq. and 105 ILCS 5/18-18.

<sup>3</sup> 105 ILCS 5/17-16.

<sup>4</sup> 105 ILCS 5/20-2, 5/20-4, and 5/20-5; 30 ILCS 305/2.

<sup>5</sup> 105 ILCS 5/19-1 et seq. and 20 ILCS 3105/1A-8.

<sup>6</sup> 50 ILCS 420/0.01 et seq. A district may borrow money and issue bonds for the purposes stated in 105 ILCS 5/19-3, provided the board properly adopted an election referendum and subsequently the voters approved the proposition (10 ILCS 5/28-2). Districts have the authority to issue bonds for certain purposes without a referendum, e.g., School Fire Prevention and Safety Bonds, Working Cash Fund Bonds, Funding Bonds, and Insurance Reserve Bonds.

<sup>7</sup> Other types of indebtedness include funding bonds and refunding bonds (105 ILCS 5/19-1 et seq.).

<sup>8</sup> 105 ILCS 5/17-17, amended by P.A. 96-19.

<sup>9</sup> 105 ILCS 5/19-1.

## **Operational Services**

### **Incurring Debt**

The Superintendent shall provide early notice to the Board of Education of the District's need to borrow money. The Superintendent or designee shall prepare all documents and notices necessary for the Board of Education, at its discretion, to issue State Aid Anticipation Certificates, tax anticipation warrants, working cash fund bonds, bonds, notes, and other evidence of indebtedness.

LEGAL REF.: 30 ILCS 305/2.

50 ILCS 420/5.

105 ILCS 5/17-16, 5/18-18, 5/19-1 et seq.

ADOPTED: May 20, 2002