

8740.1

Definitions

“Debt means the amount of all obligations for the payment of money incurred by the local government unit, whether due and payable in all events, or only upon the performance of work, possession of property as lessee, rendering of services by others, or other contingency, except:

- (i) current obligations for the full payment of which current revenues have been appropriated, including tax anticipation notes, and current payments for the funding of pension plans;
- (ii) obligations under contracts for supplies, services and pensions, allocable to current operating expenses of future years in which the supplies are to be expended or furnished, the services rendered or the pensions paid;
- (iii) rentals or payments payable in future years under leases, guaranties, subsidy contracts or other forms of agreement not evidencing the acquisition of capital assets, but this exception shall not apply to rentals or payments under such instruments which would constitute lease rental debt but for the fact that the lessor or obligee is not an entity described in section 104(a)(1); and
- (iv) interest or assumed taxes payable on bonds or notes which interest or taxes is not yet overdue.” [53 PS 6780-2 (a)(1)]

“Electoral debt means all net debt incurred with the assent of the electors, given as herein provided whether issued by a local government unit or through an authority.” [53 PS 6780-2 (a)(2)]

“Nonelectoral debt means all debt determined as herein provided, incurred or authorized to be incurred, except electoral debt and lease rental debt, in each case whether authorized before or after the effective date of this act, and whether before or after the debt is incurred. Net nonelectoral debt means a portion of nonelectoral debt as determined in accordance with Article II.” [53 PS 6780-2 (a)(3)]

“Borrowing base means the annual arithmetic average of the total revenues for the three full fiscal years ended next preceding the date of the incurring of nonelectoral debt or lease rental debt as set forth in a certificate stating the total revenues in each of such years and stating such average, executed by the authorized officials of the local government unit or by an independent accountant. If, within such

three-year period, there shall have been an expansion or contraction of the territorial or functional jurisdiction of a local government unit through transfer, merger, annexation, or assumption, in whole or in part, in relation to another local government unit or an authority, the borrowing base shall be calculated as if such expansion or contraction had occurred within or prior to the commencement of such three-year period in such manner as the statutes, charter provisions, or court decree shall provide or direct, or in the absence of such provisions, as the department shall approve." [53 PS 6780-2 (c)(2)]

8740.2 No Limitation on Debt Approved by Electors

"All debt of any classification, whenever incurred, which has been or shall hereafter be approved, either before or after such debt is incurred, by majority of the votes cast upon the question of incurring such debt at a general or special election held as provided by applicable law in effect at the time of the election, is excluded from the nonelectoral debt or the lease rental debt, as the case may be, of a local government unit and the limitations imposed by this act upon debt of such classification shall not apply thereto." [53 PS 6780-51]

8740.3 Limitations on the Incurring of Other Debt

"Except as provided in subsections (c), (d) and (e) of this section and as otherwise specifically provided in this act, no local government unit shall incur any new nonelectoral debt, if the aggregate net principal amount of such new nonelectoral debt together with all other net nonelectoral debt outstanding would cause the total net nonelectoral debt of such local government unit to exceed:...

(iii) two hundred fifty per cent of its borrowing base in the case of any other local government unit." [53 PS 6780-52 (a)]

"Except as provided in subsections (c), (d) and (e) of this section or as otherwise specifically provided in this act, in the exercise of legislative control over the budgets and expenditures of local government units and of the purposes for which tax moneys and general revenues of local government units may be expended, the General Assembly determines that no local government unit shall incur any new lease rental debt or nonelectoral debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and net lease rental debt then outstanding would cause the outstanding

FAIRFIELD AREA SCHOOL DISTRICT

DEBT LIMIT (Contd)

8740

total of net nonelectoral debt plus net lease rental debt of such local government unit to exceed:...

- (iii) three hundred fifty per cent of its borrowing base in the case of all other local government units.” [53 PS 6780-52 (b)]

“The limitations and prohibitions of the preceding subsections (hereinafter called the “regular debt limits”) shall not apply to electoral debt, nor to debt excluded in computing net amounts of nonelectoral debt or of lease rental debt, as self-liquidating or because subsidized, when such exclusion is made pursuant to sections 204, 205 and 206 of this act...” [53 PS 6780-52 (c)]

“Additional nonelectoral or additional lease rental debt or both in the aggregate amount of one hundred per cent of the borrowing base may be incurred:...

- (ii) where the county has not assumed county-wide responsibility, by a local government unit which has, either before or after the effective date of this act, assumed responsibility for its and its adjacent areas; for... education at any level...but such additional debt limit may be so utilized only to provide funds for and towards the cost of capital facilities for any or any combination of the foregoing purposes. Debt, other than electoral debt, at any time incurred for such purposes or any of them, may be so utilized only to provide funds for and towards the cost of capital facilities for any or any combination of the foregoing purposes. Debt, other than electoral debt, at any time incurred for such purposes or any of them, may be assigned by ordinance to this additional debt limit, if the remaining borrowing capacity within the regular limits is insufficient to finance other projects deemed necessary by the governing body of the local government unit.” [53 PS 6780-52 (d)]

“...upon petition to the court of common pleas alleging the catastrophe, or the danger to health and safety, or the mandated nature of the program and the estimated costs of the proposed facilities, and upon proof thereof to the satisfaction of the court, shall be authorized, notwithstanding section 305 or the insufficiency of

FAIRFIELD AREA SCHOOL DISTRICT

DEBT LIMIT (Contd)

8740

nonelectoral or lease rental borrowing capacity, to incur debt, as either lease rental or nonelectoral debt, up to an additional fifty per cent of its borrowing base, if such increase is found by the court to have been made necessary under this subsection by reason of the causes set forth in the petition." [53 PS-6780-52 (e)]

- 8740.4 The incurring of debt under the nonelectoral borrowing capacity section of act 185 shall receive the affirmative vote of not less than two-thirds of the members of the Board.
- 8740.5 Such transaction shall be properly executed by the President, under the seal of the district and attested by the Secretary.