Since Highland Park is a home rule unit, the City presently has no statutory limit on the amount of debt outstanding. However, if the City were subject to such limitation, outstanding indebtedness could not exceed 8.625% of equalized assessed valuation. Using 2016 values (the most recent available information), this limitation would allow for $200 million in debt as compared to the $56 million outstanding as of December 31, 2017. Maintaining significantly lower debt levels provides for greater flexibility in issuing additional debt should the need arise.

The ratio of fiscal 2016 net debt to 2015 equalized assessed valuation and the amount of debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. This data for the City at the end of the 2017 fiscal year is as follows:

	Amount	Ratio to Equalized Value	Per Capita
Net debt	$56 million	2.59%	$1,900

Of the total debt, $48 million or 86% will be abated by non-property tax revenues. These sources include Water Utility and Sewer Utility revenues.

The City limits long-term debt to capital improvements that cannot be financed from current revenues. The City has not used long-term debt to fund operating programs. In addition to debt proceeds, the City's ongoing capital improvement program is funded on a pay-as-you-go basis by certain operating revenues including the home rule sales tax.

An asset must have an estimated useful life of at least ten years to be funded from debt proceeds. The maturity date for any debt will not exceed the reasonably expected useful life of the project so financed.

Debt is structured to provide for the retirement of a minimum of 60% of the amount of the outstanding principal funded by property taxes within a ten-year period. It is the intent of the City to ensure that no less than 50% of outstanding principal funded by property taxes is retired within a ten-year period.

Excess fund balance may be used to 1) fund planned capital projects, thereby avoiding debt; 2) abate annual debt service on outstanding obligations; or 3) pay down outstanding obligations, such as pension costs or Other Post-Employment Benefits (OPEB).

Bond issues shall be planned to mitigate substantial year-to-year shifts in the City's total tax levy. Debt service for property tax supported obligations is structured to fit within the City's annual property tax levy budget. The property tax levy budget, established at $3 million for the 2005 tax levy, will be adjusted annually by the rate of inflation as determined by the property tax limitation for non-home rule units of government, as required.

The City has traditionally issued general obligation debt to fund capital improvements for enterprise fund operations (Water Utility and Sewer Utility) and streets improvements, in order to achieve the lowest possible interest rate on the borrowing. The annual debt service levy for enterprise fund issues is abated, as funds available in the respective funds are to be used to pay the debt service obligations.

The City's bond rating by Moody's Investors Service on general obligation bonds is Aaa – the highest rating possible. The City will endeavor to maintain net direct general obligation bonded debt as a percent of full valuation within the average of Aaa rated communities.

The City will consider refunding outstanding bonds when it is deemed to be in the best interest of the City. As a savings target, the City looks to project a net present value savings, after bond issuance costs, of 3% of refunded principal.

As part of the City's long-term financial planning, an examination of debt capacity is developed annually and is included as part of the long-term financial plans presented within the budget document for the General, Water, Sewer, Streets/Other Capital, and Parking Funds.