

ADMINISTRATIVE POLICY NO. 20 FISCAL POLICIES FOR MANAGEMENT OF DEBT AND CAPITAL IMPROVEMENTS

OBJECTIVES

The purpose of this policy is to provide an effective management tool for debt and capital improvement financing. This policy establishes limits on the debt program while providing sufficient flexibility to enable the City Council to respond to unforeseen circumstances and new opportunities that may benefit the jurisdiction. The debt program sets forth the parameters for issuing debt and managing the debt portfolio while providing guidance to decision makers regarding the timing and purposes for which debt may be issued and types and amounts of permissible debt.

POLICIES

1. Long-term borrowing will not be used to finance current operations or normal maintenance.
2. The city will make every effort to repay all debt issued within a period not to exceed the expected useful life of the improvement.
3. The city will not issue tax or revenue anticipation notes.
4. The city will not issue bond anticipation notes with maturities in excess of the time required to construct the project and sell the bonds, or two years.
5. For any enterprise fund (water and sewer) the rates will be reviewed annually to ensure that the rates are sufficient to meet the debt service requirements and support the operations.
6. The city will strive to use pay-as-you-go financing for capital improvements that may be completed within one fiscal year.
7. The city will strive to not issue bonds more frequently than once every two fiscal years, unless there is an emergency situation.
8. The city will get authorization from the voters for all bonds issues, including revenue bonds.
9. The city will strive to maintain its total general obligation bonded debt at a level not to exceed 3% of the assessed valuation of taxable property within the city.
10. The city will strive to ensure that its annual general obligation bonded debt service does not exceed 10% of total city resources.
11. The city will strive to ensure that its annual general obligation bonded debt service does not exceed 10% of total city expenses.
12. The city will maintain a general fund contingency fund at a level not less than 7% and will strive for 12%
13. The city will strive to transfer no less than 15% of the annual general fund resources to the capital improvement reserve fund.
14. The city will strive to develop a five-year capital improvement plan that will be updated annually. The capital improvement plan will be used as the basis for formal fiscal year appropriations during the annual budget process.

Adopted by City Council May 8, 2003