

Debt Policy:

1. The City will limit its long-term borrowing to Capital Improvements or projects that cannot be financed on a "pay-as-you-go" basis within a reasonable period of time from current revenues.
2. The City will not use long-term debt to fund current operating costs.
3. Capital Projects financed through the issuance of bonds shall not be financed for longer than the expected useful life of the project.
4. Interest, operating and maintenance expenses will be capitalized only for enterprise or utility fund facilities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
5. The City will make its best effort to keep the average maturity of general obligation bonds at or below 20 years.
6. Total debt service for general long-term debt will not exceed 10% of total operating revenues.
7. Enterprise or Utility fund related debt service will be self liquidating or supported by the revenues of the utility itself. Given the City's historical low level of general long-term debt outstanding, general obligation debt has been used by the utility funds to lower their interest borrowing costs.
8. Total general obligation debt will not exceed 10% of the assessed valuation of taxable property or \$1,000 per capita.
9. The City will avoid the use of short-term tax anticipation or other short term debt for non-capital purposes except when necessitated by cash flow or other "emergency" situations. Any bond anticipation debt will be retired within 6 months after completion of the project it financed. Continual rollover of short term debt without principal pay down will be avoided.

The City will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full and open disclosure on every financial report and bond prospectus.