

Ordinance 2020-07

An Ordinance Creating
3.09 Debt Management

The Village Board of The Village of Suamico, Wisconsin, Does Ordain as Follows:

Ordinance Section 1:

Chapter 3.09 Debt Management is created to read as attached:

Ordinance Section 2: All ordinances or parts of ordinances inconsistent with or contravening the provisions of this ordinance are hereby repealed.

Ordinance Section 3: This ordinance shall be in full force and effect following passage and publication.

Adopted this 16th day of March, 2020.



Laura Nelson, Village President

Attest:



Bonnie Swan, Village Clerk

Eckert aye

Nelson aye

Andrews aye

Schneider aye

VanRossum aye

Ward aye

Roddan aye

Date Posted: _____

3.09 DEBT MANAGEMENT

(1) Introduction and Purpose.

The capital financing and debt policy provides comprehensive guidance for future decisions regarding financing of capital projects including the appropriate use of debt. The Village's legacy of financial stability is built upon a conservative approach to spending as well as a long-term commitment to full and timely repayment of debt. For a debt management policy to be an effective tool, the provisions of the policy must be compatible with the Village's goals pertaining to the capital improvement program, the 5-year budget plan, and the operating needs of the Village. Multi-year forecasts of debt service are to be included in all budget plans.

(2) GUIDING PRINCIPLES

The following policies and principles are intended to govern the issuance of all Village debt.

- (a) Debt financing should be considered for capital improvement programs as approved in the 5-year capital improvement program budget, after all non-debt sources of funds (e.g. cash, grants, loans, etc.) have been considered.
- (b) The Village has historically paid for a large portion of its capital budget on a cash basis through the use of various sinking funds. It expects to continue this practice and use cash to pay for capital expenditures that it expects to recur on an annual basis (such as Road Reconstruction and Equipment Replacement) or when reserves are available that are not expected to be needed for other purposes in the foreseeable future.
- (c) The Village should consult the Municipal Financial Advisor, if applicable, to determine the most appropriate source of financing (grants, low-interest state-sponsored loans, private market loans, capital markets, etc.).
- (d) Debt financing should not be used for proprietary fund activities without a designated revenue source for retiring principal and interest. The Village should identify a specific source of revenue for the repayment of each debt issuance and calculate the expected impact on rates and user fees prior to the issuance of the debt.
- (e) Generally, revenue debt should be utilized to finance utility related projects to minimize impact on statutory debt limits, except in cases where it is determined that utilizing less expensive General Obligation debt will not have a materially adverse impact on overall debt limits.