

Date: February 24, 2026

To: Finance Committee

From: Rachelle Blich, Director of Financial and Administrative Services

Re: Review of the City's Debt Policy

This item was requested by a committee member for review and discussion. Attached you will find:

1. The current debt policy as last approved in 2001.
2. An updated version incorporating recommendations from the Government Finance Officers Association (GFOA) for best practices.
3. Calculations illustrating the impact of lowering the City's debt capacity from 3.5% to 3%.

Purpose of a Debt Policy

A debt policy provides a framework for managing the City's borrowing practices responsibly and transparently. It establishes guidelines for the amount, type, and structure of debt the City may issue, ensuring alignment with long-term financial stability and affordability. A well-defined policy helps maintain creditworthiness, supports strategic capital planning, and provides clarity for decision-makers and the public.

Process for Changing the Policy

Any changes to the debt policy require review and recommendation by the Finance Committee, followed by approval from the Common Council. The committee may suggest modifications beyond those presented in the updated draft, including adjustments to debt limits or other provisions. Once consensus is reached, the revised policy will be brought forward for formal adoption.

GFOA Best Practice Recommendations

The GFOA recommends that debt policies include:

- **Clear Debt Limits:** Establishing maximum debt levels as a percentage of assessed value or revenues.
- **Purpose and Use of Debt:** Defining acceptable uses for long-term debt (e.g., capital projects, not operating expenses).
- **Structure and Term Guidelines:** Aligning debt repayment schedules with the useful life of assets.
- **Affordability Measures:** Using benchmarks such as debt per capita or debt service as a percentage of expenditures.
- **Monitoring and Reporting:** Regular review of outstanding debt and compliance with policy.



www.whitewater-wi.gov
Telephone: 262-473-0500
Fax: 262-222-5903

Office of Finance
312 W. Whitewater St.
Whitewater, WI 53190

- **Integration with Capital Planning:** Ensuring debt decisions align with long-term capital improvement plans.

The committee may review these materials and provide feedback or suggest additional changes as desired.