

	CORPORATE POLICY	Policy No: 3,032 (Revised)
		Approved By: Council
		Effective Date: November 23, 2015
		Resolution: 371-15
		Department: Corporate Services / Finance

DEBT MANAGEMENT POLICY

POLICY

Long term debt may be used to finance certain capital projects as determined by Council to be necessary for the well-being of the community, giving consideration to the associated inherent financing costs.

1. PURPOSE

- 1.1. To establish parameters for the utilization of debt as a financing tool for capital projects.

2. DEFINITIONS


- 2.1. For the purpose of calculating debt limits, revenue is defined in the same way that it is defined in provincial legislation.
- 2.2. Revenue is defined as the amount of total revenue reported in the last audited annual financial statement of the municipality prepared before the calculation time, less transfers from the governments of Alberta and Canada for the purposes of a capital property reported in that statement if those transfers are included in the total revenue.

3. PROVINCIAL DEBT LIMIT

- 3.1. The City recognizes that the provincially legislated debt limits, being total debt of 1.5 times revenue and debt servicing of 0.25 times, provide too great of a potential tax burden to the community.
- 3.2. To establish consistent and well defined debt limits the City shall use the same basis of calculating debt limits as established by the Debt Limit Regulation, except that the City debt limits will be one fifth of those allowed by the regulation.

4. DEBT LIMIT CALCULATION

- 4.1. The debt limit of the City of Spruce Grove at any point in time shall be:

	CORPORATE POLICY	Policy No: 3,032 (Revised)
		Approved By: Council
		Effective Date: November 23, 2015
		Resolution: 371-15
		Department: Corporate Services / Finance

4.1.1. In respect of the City's total debt, 0.75 times revenue (75%), and

4.1.2. In respect of the City's debt service, 0.125 times revenue (12.5%).

5. RELATED DOCUMENTS

- Alberta Regulation 255/2000: Municipal Government Act – Debt Limit Regulation

APPROVAL

Mayor: Original signed by Stuart Houston Date: November 30, 2015