

FIN-001-025: Debt Management Policy (Revised)**Report Purpose**

To seek Council approval of FIN-001-025: Debt Management Policy, as revised.

Recommendation

THAT the revised FIN-001-024: Debt Management Policy, as set out in Enclosure 1 to the January 17, 2017 Financial Services report, be approved.

Council History

December 18, 2007 – Council approved FIN-001-025: Debt Management Policy.

Strategic Plan Priority Areas

Economy: Debt Management helps establish controls and guidelines for the issuance and use of debt to ensure a favorable financial position to meet current and future infrastructure requirements.

Governance: Debt Management provides credibility, transparency and ensures a common understanding to the approach to debt financing.

Social: n/a

Culture: n/a

Environment: n/a

Other Impacts

Policy: Pursuant to GOV-002-021: Mandatory Review of Bylaws and Policies, Strathcona County will periodically review and evaluate all bylaws and policies to ensure that they are timely, effective and appropriate.

Legislative/Legal: The Municipal Government Act and Regulations provide for limits on municipal debt.

Interdepartmental: All County departments

Summary

The Debt Management Policy will continue to provide the guidelines, controls and focus on prudent financial management of long term debt in support of the County's strategic plan. The most significant proposed change to this policy is an internal limit of 80% to be applied to those limits identified within the Municipal Government Act (MGA) for both total outstanding debt and total debt payments. As well, a new requirement to provide further information and formal notification to Council prior to Utility Operations exceeding the MGA limits. These additional restrictions will contribute to Strathcona County's long term financial sustainability and will likely be further refined in conjunction with the development of the Long Term Financial Sustainability Plan.

Highlights of additional proposed changes:

- The format has changed to align to current policy standards.
- The Policy Statement has been revised for clarity and to reflect current strategies.
- More definitions have been added as appropriate.
- Added clarification that debt will typically be incurred after expenses.
- Expanded reference to Intergenerational Equity.
- Strategic plan direction and objectives have been added to the use of debt.
- Debt categories have been redefined to align with reporting and budgeting practices.

- Fixed principal repayments have been incorporated in the debt structure guideline.
- Internal financing guidelines have been clarified.
- Reporting requirements have been enhanced.

Enclosures

- 1 Municipal Policy FIN-001-025: Debt Management Policy – Revised (with changes incorporated) (Document: 9619276)
- 2 Municipal Policy FIN-001-025: Debt Management Policy – Revised (with changes highlighted) (Document: 9629949)
- 3 Debt Management Summary Report (Document: 9617568)
- 4 Presentation (Document: 9617579)

