

DEBT MANAGEMENT POLICY

January 17, 2017
Presentation to Council

Policy Considerations

- Government Finance Officer Association (GFOA) best practices
- Municipal Government Act (MGA) regulations and Alberta Capital Finance Authority (ACFA) guidelines
- Regional municipal practices and other Canadian municipal practices
- Municipal comparisons on debt limit statistics
- Internal historical trend analysis on outstanding debt and service payments
- Internal debt funding philosophies and strategic plan objectives

Steps to Updating the Policy

- Developed key principles of debt and presented to the Finance Advisory Committee (FINAC) for advice
- Drafted updated debt policy for review
- Collaborated with key internal departments such as Utilities and Legislative & Legal Services
- Drafted new debt reporting information and format for periodic reporting
- Reviewed and signed off by Executive Team
- Reviewed final policy with FINAC

Significant Changes

- Added a limit of 80% to the MGA limits for outstanding debt and debt service payments
- Added a requirement to provide further information to Council prior to the Utilities exceeding the MGA limits for outstanding debt and debt service payments
- Added the strategic plan direction and objectives to the use of debt
- Added clarification that debt will be incurred after expenses
- Expanded the reference to Intergenerational Equity

Other Changes

- Changed format to align to current standards (i.e. guideline headings)
- Changed Policy Statement for clarity and to reflect current strategies
- Added more definitions as appropriate
- Redefined the debt categories to align with reporting and budgeting practices
- Incorporated fixed principal repayment in the debt structure guideline
- Clarified internal financing guidelines
- Enhanced reporting requirements

Recommendation:

That FIN-001-024: Debt Management Policy, be approved as revised.

