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		Policy Title		
		DEBT POLICY		
Council Resolutions	DFA	C.C.	Cross Reference	Effective Date
No. 302-95 Date: July 25/95				July 25, 1995
<p>PURPOSE</p> <p>Debt guidelines are necessary for the responsible management of the County's financial resources. The use of debt limits assists in the control of capital expenditures which, in turn, aids in the control of operating costs that must be recovered through property taxes.</p> <p>Debt limits also preserve borrowing capacity for future capital assets while maintaining maximum flexibility of current operating funds.</p> <p>The purpose and intent of this policy is to:</p> <ol style="list-style-type: none"> 1. Maintain a strong financial position through reduced interest charges in the future as a result of shorter amortization periods and less overall debt. 2. Encourage and facilitate orderly planning and budgeting of future capital programs through the use of reserves. 3. Limit the impact that debt charges will have on future tax rates. <p>POLICY</p> <p>Parkland County recognizes that excessive debt reduces an organization's flexibility and its ability to handle unforeseen changes. Accordingly, a pay-as-you-go policy will be encouraged. This will be implemented in general terms through:</p> <ol style="list-style-type: none"> 1. The preparation of future plans for major projects such as equipment replacement, road building, major new facilities or known changes in major grant programs, and 2. The establishment of reserves to fund these plans. <p>However, it is recognized that circumstances may arise which are totally unforeseen and beyond the direct control of the County (i.e. flood, fire, changes in legislation, etc.). Accordingly, where, in the opinion of Council, these unforeseen events have a major financial impact on the County and the out-of-pocket cost of these events is not supported by the Province through grants, then new debt may be incurred in accordance with the following guidelines:</p> <ol style="list-style-type: none"> 1. Term of repayment not to exceed fifteen (15) years except where Council agrees that a major capital project (i.e. trunk water/sewerline) is required whose life significantly exceeds fifteen (15) years. 2. Total annual tax supported payments on new debt plus tax supported payments on existing debt not to exceed ten percent (10%) of the municipal tax levy. 3. The debt limit as defined in the regulations to the Municipal Government Act is not exceeded. <p>This policy is not intended to apply to debt which is repaid through local improvement charges. Where possible, borrowing for local improvements will be funded internally and repaid over the life of the project by the properties that benefit from the improvement.</p>				