



DISTRICT OF WEST KELOWNA

COUNCIL POLICY MANUAL

Pages: 1 of 1
Approval Date: 2009-DEC-08

SECTION: FINANCE
SUBJECT: ISSUANCE AND MANAGEMENT OF DEBT

PURPOSE

To guide the issuance and management of debt. Issuing debt commits a municipality's revenues several years into the future, and may limit the government's flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to a debt policy can help ensure that debt is issued and managed sensibly in order to maintain a sound fiscal position and protect credit quality.

POLICY:

Recommended expense where debt may be used:

1. One-time capital improvements and unusual equipment purchases.
2. When the useful project life will exceed the term of financing.
3. Major equipment purchases.
4. Debt servicing is limited to no more than a 3% tax increase per year.
5. The maximum borrowing amount be limited to 15% (*Community Charter* allows for 25%) of the Districts revenues as defined by the *Community Charter*.
6. Reserves are to be considered as a funding source before debt.
7. Purchase of property, if deemed by council as essential to the operation of the Municipality.

Previous Revision/s: None