



Province of Alberta

## MUNICIPAL GOVERNMENT ACT

# DEBT LIMIT REGULATION

### **Alberta Regulation 255/2000**

With amendments up to and including Alberta Regulation 171/2015

#### Office Consolidation

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### **Note**

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(Consolidated up to 171/2015)

**ALBERTA REGULATION 255/2000**

**Municipal Government Act**

**DEBT LIMIT REGULATION**

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**Interpretation**

**1(1)** In this Regulation, “calculation time” means the point in time referred to in section 2.

**(2)** The definitions in section 1 and 241 of the Act apply to this Regulation.

**Debt limit**

**2(1)** Subject to subsection (2), the debt limit of a municipality at a point in time is,

- (a) in respect of the municipality’s total debt, 1.5 times the revenue of the municipality, and
- (b) in respect of the municipality’s debt service, 0.25 times the revenue of the municipality.

**(2)** The debt limit for the City of Calgary, the City of Edmonton, the City of Medicine Hat and the Regional Municipality of Wood Buffalo at a point in time is,

- (a) in respect of the municipality’s total debt, 2 times the revenue of the municipality, and

- (b) in respect of the municipality's debt service, 0.35 times the revenue of the municipality.

AR 255/2000 s2;100/2006

### Revenue

**3** The revenue of a municipality at the calculation time is determined by the formula

$$R = a$$

where

“R” is revenue;

“a” is the 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, and less amounts reported as contributed or donated tangible capital assets if those amounts are included in the total revenue.

AR 255/2000 s3;253/2009;5/2010

### Total debt

**4** The total debt of a municipality at the calculation time is determined by the formula

$$TD = (a + b) - c$$

where

“TD” is the total debt;

“a” is the principal outstanding at the calculation time on borrowings made by the municipality;

“b” is the principal outstanding at the calculation time of loans in good standing that have been guaranteed by the municipality, plus the amount that the municipality is liable to pay at the calculation time under loans not in good standing that have been guaranteed by the municipality;

“c” is the amount of a and b that the municipality is entitled to recover from another municipality at the calculation time.

### Debt service

**5(1)** The debt service of a municipality at the calculation time is determined by the formula

$$DS = (a + b) - c$$

where

“DS” is the debt service;

“a” is the sum of,

- (i) for borrowings made by the municipality in which the municipality is required to pay principal during the 12 months after the calculation time, the total amount of principal and interest that the municipality will be required to pay in respect of those borrowings during the 12 months after the calculation time, and
- (ii) for borrowings made by the municipality in which the municipality is not required to pay any principal during the 12 months after the calculation time, the total of the pro rata amounts in respect of those borrowings determined under subsection (2) for the 12 months after the calculation time;

“b” is the total amount that the council estimates on reasonable grounds that the municipality will be liable to pay during the 12 months after the calculation time in respect of loans not in good standing that have been guaranteed by the municipality;

“c” is the amount of a and b that the municipality is entitled to recover from another municipality during the 12 months after the calculation time.

**(2)** The pro rata amount for a borrowing at the calculation time is determined by the formula

$$PRA = D \times \frac{12}{E}$$

where

“PRA” is the pro rata amount for the borrowing;

“D” is the total amount of principal and interest that the municipality will be required to pay from the calculation time to the end of the amortization period of the borrowing;

“E” is the number of months from the calculation time to the end of the amortization period of the borrowing.

**(3)** For the purposes of determining D in the PRA formula, if the actual rate of interest under a borrowing is not known at the calculation time for some or all of the payments under the

borrowing, the rate of interest for those payments is determined by using the rate of interest in effect at the calculation time.

#### **Controlled corporations**

**6(1)** If a municipality controls one or more corporations, the municipality may choose to calculate its revenue, total debt and debt service as though one or more of the controlled corporations are part of the municipality.

**(2)** If a municipality chooses to include a controlled corporation in the calculation of its revenue, total debt and debt service, all of the controlled corporation's revenue, borrowings, guarantees and loans must be included in those calculations except that

- (a) revenues arising from transactions between the municipality and the controlled corporation or between the controlled corporation and another corporation controlled by the municipality that the municipality includes as being part of the municipality are not to be included in the combined revenues, and
- (b) guarantees and loans between the municipality and the controlled corporation or between the controlled corporation and another corporation controlled by the municipality that the municipality includes as being part of the municipality are not to be included in the combined total debt or debt service.

#### **Regional Services Commission**

**6.1** If a municipality is a member of a regional services commission, the municipality shall exclude any proportionate share of commission revenues, debt and debt service reported in the last audited annual financial statement of the municipality from the calculation of its revenue, total debt and debt service.

AR 13/2013 s2

#### **Repeal**

**7** The *Debt Limit Regulation* (AR 375/94) is repealed.

#### **Expiry**

**8** For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on December 31, 2020.

AR 255/2000 s8;25/2005;5/2010;171/2015





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