

## **1. Overview**

According to section 133 of *The Cities Act*:

- (1) The Saskatchewan Municipal Board may establish a debt limit for each city, taking into account the factors set out in subsection 23(2) of *The Municipal Board Act*.
- (2) No city shall borrow moneys if the borrowing will cause the city to exceed its debt limit, unless the borrowing is approved by the Saskatchewan Municipal Board.
- (3) No city shall lend money or guarantee the repayment of a loan if making the loan or guarantee would cause the city to exceed its debt limit.

According to section 161 of *The Municipalities Act* and section 183 of *The Northern Municipalities Act*:

- (1) Subject to subsection (2), the debt limit for a municipality is the total amount of the municipality's own source revenues for the preceding year.
- (2) In the prescribed circumstances, the debt limit for a municipality may be a debt limit established by the Saskatchewan Municipal Board determined in accordance with the regulations.

## **2. Debt Limit Applications from Cities:**

The City may submit a debt limit application to the Local Government Committee (LGC) of The Saskatchewan Municipal Board (SMB), for establishing, increasing or decreasing debt limit, contingent upon the completion of the five-year Capital Work Plan. To enhance the strength of such applications, a comprehensive business plan for debt limit must accompany the application. This plan should clarify the nature of each project, total cost, estimated start date, duration of the work, and sources of funding. If borrowing is required, please specify the required debt amount for each project, borrowing term, estimated interest rate, annual debt repayment, and the sources of funding for repayment. If any projects will be financed through reserves, please provide the reserve balance of each related account, as well as the annual transfers in and out of the reserve accounts. If any projects have been approved for government grants, the signed grant agreement is required.

Our debt limit application review includes a thorough financial analysis to ensure a reasonable ratio of the proposed debt limit to own sources revenue. The municipality must have sufficient sources of revenue and funding to cover the proposed debt payment. This analysis encompasses current debt, line of credit, proposed debt, and available credit after utilizing the proposed debt. Please note that any borrowing must adhere to an amortization schedule that does not extend beyond the lifetime of a project.

## **3. Debt Applications from Municipalities**

According to section 162(1.1) of *The Municipalities Act*, if the SMB has already determined the municipalities' debt limit, then SMB approval is not required for borrowing that does not cause the municipality to exceed its SMB established debt limit and has a repayment period of over three years. (The clause does not apply to Northern Municipalities).

Establishing a debt limit benefits municipalities that plan to borrow for multiple projects within a short period without requiring approval from the SMB. However, to ensure the financial health of municipalities, we recommend that municipalities submit borrowing applications when debts are required. For multiple

capital projects, municipalities may submit a single borrowing application indicating the total debt required, along with a detailed breakdown of the debt for each project. For more information, please refer to the [LGC Borrowing Instruction Guide](#).

### **SECTION 1: Applicant Contact Information**

The Applicant is the person authorized by a municipality to make an application to the LGC.

### **SECTION 2: Required Documents**

This section outlines the documents that support the application.

If the City has a Debt Management policy outlining specific measures to evaluate the affordability of debt, please forward it with the application.

When submitting the Five-Year Capital Works Plan and Business Plan, please provide them in both PDF and Excel formats. The Business Plan should clarify the nature of each project, total cost, estimated start date, duration of the work, and sources of funding. If borrowing is required, please specify the required debt amount for each project, borrowing term, estimated interest rate, annual debt repayment, and the sources of funding for repayment. If any projects will be financed through reserves, please provide the reserve balance of each related account, as well as the annual transfers in and out of the reserve accounts. If any projects have been approved for government grants, the signed grant agreement is required.

### **SECTION 3: Application Details**

This section provides detailed information about the application. Please provide the total current outstanding debt under question 2, then attach an Excel worksheet detailing each debt, including the line of credit. The worksheet should list the purpose of each borrowing, the remaining term, interest rate, annual repayment and expiry date. Under question 5, please specify the purpose of the debt limit increase, particularly the borrowing amount required over the next five years to support the capital projects. Additionally, explain why these projects are necessary and indicate the amount of government grants approved to support them if applicable.

### **SECTION 4: Additional Details**

#### **A. Business Plan Details**

This section requires detailed information regarding your Business Plan.

If a Business Plan for Debt Limit will not be provided, please complete Section 4-B to provide detailed information for each project.

### **SECTION 5: Additional Comments**

Please provide any relevant information that you were not able to enter in other fields.

### **SECTION 6: Authorization**

The authorized person should complete, sign and date the application form.

### **SECTION 7: Application Submission**

Print and save a copy of your application form before submitting the application to the LGC. ***Remember to attach to the submission email the Required Documents listed in Section 2 as well as any supplemental information.***