

# Debt Limit Policy

This document is the parent policy for any supporting College or Divisional procedures. Questions regarding this policy are to be directed to the identified Policy Administrator.

<b>Functional category</b>	Finance
<b>Approval date</b>	February 7, 2024
<b>Effective date</b>	February 7, 2024
<b>Policy owner</b>	Vice President, Administration and Chief Financial Officer
<b>Policy administrator</b>	Director, Financial Services and Controller

## Objective

The purpose of this policy is to establish financial guidelines and appropriate controls for the issuance and use of new debt to ensure a sustainable financial position while supporting NorQuest College's (college) ability to address current and future infrastructure challenges.

Authority to establish this policy is derived from the [NorQuest College Board of Governor's Policy No. 7](#), which delegates responsibility for the college's financial planning and operational activities to the President and CEO, and [Policy No.5](#), which delegates authority to the President and CEO to establish policies and procedures for the college's management and operation.

## Policy

Long term debt may be used to fund strategic priorities in support of the college's Strategic and Campus Master Plans.

When debt is determined to be an appropriate funding method, the college will follow the requirements outlined in the *Post Secondary Learning Act* of Alberta and any associated policy documents provided by the Government of Alberta.

### **Approval**

In alignment with the *Post-Secondary Learning Act*, debt financing must be approved by resolution by the Board of Governors and by Alberta Advanced Education through Ministerial Order.

### **External Limits**

Total debt outstanding and total annual debt service limits shall not exceed the Province of Alberta Debt Limit Regulation as determined by the Province of Alberta.

### **Internal Limits**

The debt limit ceiling is set to a target of 15% as measured by the college's debt to tangible capital asset ratio.

## **Definitions**

**Debt to Tangible Capital Asset Ratio:** a measure to identify the amount of assets financed with debt. The ratio is calculated as long-term debt divided by tangible capital assets. A lower value is preferable as it means a post-secondary institution has funded less of its capital assets with debt.

## **Related information**

### **NorQuest College**

- [N/A](#)

### **External**

- [Post-Secondary Learning Act](#)

## Next review date

February 2028

## Revision history

Date	Version Number	Action
February 2024	V1	New