

POLICY

	Policy:	Loans and Borrowing		
	Department:	Corporate Services		
	Division:	Financial Services	By-Law No.:	2024-083
	Administered By:	Treasurer	Approval Date:	Dec. 16, 2024
	Replaces:	Loans and Borrowing – February 1, 2016		
	Attachment(s):	N/A		

1. POLICY STATEMENT

The Corporation of the Town of Amherstburg is committed to ensuring that controls and procedures are in place, and adhered to, for all loans and borrowing of any nature, including lines of credit.

2. PURPOSE

- 2.1. This policy will ensure that all loans are approved by Town Council.
- 2.2. This policy will ensure that necessary financing is available in the event of a cash shortfall.

3. SCOPE

- 3.1. This policy applies to staff within the Financial Services Department and elected members of Council, when making decisions in regards to loans and/or borrowing.
- 3.2. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

4. DEFINITIONS

- 4.1. **Accountability** means the obligation to answer to the general public, Council, and vendors for procurement results and for the manner in which purchasing responsibilities are discharged.
- 4.2. **Line of Credit** refers to an arrangement whereby a bank or any other similar entity (i.e. Infrastructure Ontario) extends an unsecured loan that is drawn down as it is required by the borrower.

Common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

5. INTERPRETATIONS

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

6. GENERAL CONDITIONS

6.1. All loans and borrowing of any nature, including lines of credit, must be authorized by Council.

6.2. **Lines of Credit**

6.2.1. The Town maintains an operating line of credit with an authorized financial authority.

6.2.2. Any balance in the operating account reduces the amount drawn under the Line of Credit daily, and any overdraft in the operating budget account shall be funded by a transfer from the line of credit.

6.2.3. The Treasurer is responsible to ensure that drawings do not exceed the credit limit under the line of credit, and to take appropriate action when it appears possible that the line of credit may be exceeded.

6.3. **Bridge Loan**

6.3.1. For large capital projects, the Town will seek approval of temporary credit facilities to reduce pressures on operating cash flow.

6.3.2. The Town will ensure that projects are financed in a clear and identifiable manner to stakeholders.

6.4. **Debt Levels**

6.4.1. Ontario Regulation 403/02 Debt and Financial Obligations Limit, under the Municipal Act, 2001 states that a municipality should not commit to more than 25% of total own purpose revenue to service debt and other long-term obligations without obtaining prior approval of the Ontario Land Tribunal.

6.4.2. The Town's annual debt servicing limit including short, medium and long-term debt is not to exceed 20% of the Town's previous year's net own source revenues for Tax Funded Infrastructure and 25% of Fee-Funded Infrastructure (water and waste water).

7. RESPONSIBILITIES

7.1. **Council** has the authority and responsibility to:

7.1.1. Approve any and all loans and/or borrowing on behalf of the Town;

7.1.2. Adopt the Loans and Borrowing Policy.

7.2. The **Treasurer** has the authority and responsibility to:

7.2.1. Ensure that any and all loans and borrowing on behalf of the Town are entered into and administered in accordance with the Loans and Borrowing Policy, provincial legislation, and any other related policy and/or procedure.

7.2.2. Ensure that any and all loans and borrowing are approved by Council.

8. LEGISLATIVE REFERENCES

- 8.1. Municipal Act, 2001
- 8.2. Ontario Regulation 403/02 Debt and Financial Obligations Limit