

POLICY

	Policy:	LOANS AND BORROWING		
	Department:	Corporate Services		
	Division:	Finance	By-Law No:	2016-19
	Prepared By:	Justin Rousseau	Approval Date:	February 1, 2016
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1. POLICY STATEMENT

- 1.1. 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 the Financial Services Department and Town Council, when making decisions in regards to loans and/or borrowing.

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. **Chief Administrative Officer (CAO)** is the Chief Administrative Officer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 229 of the Municipal Act, 2001.

- 4.3. **Clerk** is the Municipal Clerk for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 228 of the Municipal Act, 2001.
- 4.4. **Council** refers to the current elected Council for the Corporation of the Town of Amherstburg. This includes, as an entirety, the Mayor, Deputy Mayor and Councillors.
- 4.5. **Director** is the person responsible for direction and operational control of a division as defined on the Town's organizational structure.
- 4.6. **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.
- 4.7. **Manager** reports directly to a Director (or the CAO in some instances) and who is responsible for a department within a division of the Corporation, as defined on the Town's organizational structure.
- 4.8. **Senior Management Team (SMT)** is comprised of the Chief Administrative Officer and the Directors. If a Director is unavailable, a delegate may be assigned.
- 4.9. **Town** is the Corporation of the Town of Amherstburg.
- 4.10. **Treasurer** is the Treasurer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 286 of the Municipal Act, 2001.

5. **INTERPRETATIONS**

- 5.1. Any reference to 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 Town 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 also ensure that projects are financed in a clear and identifiable manner to stakeholders of the Town of Amherstburg.

6.4. **Debt Levels**

- 6.4.1. The Town will keep its Annual Debt Repayment under the municipal limit of 25% at all times.
- 6.4.2. The Town will attempt to keep the Annual Repayment below 20% at all times.
 - 6.4.2.1. If at any time this limit is exceeded, a report will be given to Council identifying and outlining reason as to why the limit has been exceeded.

7. **ROLES AND RESPONSIBILITIES**

- 7.1. **Town Council** has the authority and responsibility to:
 - 7.1.1. Approve any and all loans and or borrowing on behalf of the Town.
- 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 this policy and any other related policy and/or procedure.
 - 7.2.2. Ensure that any and all loans and borrowing are approved by Town Council.

8. **REFERENCES AND RELATED DOCUMENTS**

- 8.1. Delegation of Powers and Duties Policy
- 8.2. Signing Authorities By-law