

Corporate Policy and Procedure



Policy	Temporary Borrowing Policy
Category	Corporate
Authority	Finance
Related Policies	Debt Management Policy
Approved By	Council
Effective Date	Thursday, April-16-2020
Revision Date	Friday, April 16, 2021

Policy Statement

In order to provide liquidity during unforeseen circumstances, such as City declared State of Emergency or similar situation, this policy will allow the Treasurer to access temporary borrowing from approved lenders.

Purpose

To authorize temporary, not greater than 12 months, borrowing from time to time to meet current operating expenditures during the fiscal year.

Statutory Requirements

Section 407 of the Municipal Act, 2001, as amended, provides authority for a council by by-law to authorize the head of council or the Treasurer or both of them to borrow from time to time, such sums as the council considers necessary to meet, until taxes are collected and other revenues are received, the current expenditures of the municipality for the year.

The total amount which may be borrowed from all sources at any one time to meet the current expenditures of the municipality, except with the approval of the Ontario Municipal Board, is limited by Section 407 of the Municipal Act, 2001.

Authorization

1. The Treasurer is hereby authorized, upon approval of a by-law, to borrow from time to time during the fiscal year (hereinafter referred to as the current year) such sums as may be necessary to meet, until taxes are collected and other revenues are received, the current expenditures of the municipality for the current year.
2. The lender(s) from whom amounts may be borrowed under authority of this policy shall be any Schedule I bank as identified by the Canada Bank Act.

3. The total amount which may be borrowed at any one time under this policy plus any outstanding amounts of principal borrowed and accrued interest under Section 407, together with the total of any similar borrowings that have not been repaid, shall not exceed from January 1st to September 30th of the current year, 50 percent of the total estimated revenues of the municipality as set out in the budget adopted for the current year, and from October 1st to December 31st of the current year, 25 percent of the total of the estimated revenues of the municipality as set out in the budget adopted for the current year.
4. The Treasurer shall, at the time when any amount is borrowed under a by-law as per this policy, ensure that the lender is or has been furnished with a certified copy of said by-law, (a certified copy of the resolution mentioned in section 2. determining the lender) if applicable, and a statement showing the nature and amount of the estimated revenues for the current year and also showing the total of any other amounts borrowed from any and all sources under authority of Section 407 of the Municipal Act that have not been repaid.
5. a) If the budget for the current year has not been adopted at the time an amount is borrowed under this policy, the limitation on total borrowing, as set out in section 3. of this policy, shall be temporarily calculated until such budget is adopted using the estimated revenues of the municipality as set forth in the budget adopted for the previous year.
b) If the budget for the current year has not been adopted at the time an amount is borrowed under this policy, the statement furnished under section 4. shall show the nature and amount of the estimated revenues of the municipality as set forth in the budget adopted for the previous year and the nature and amount of the revenues received for and on account of the current year.
6. For purposes of this policy the estimated revenues referred to in section 3., 4., and 5. include only own-source revenues derivable or derived from, a) property tax or other such payments in lieu; b) user fees and service charges as per the normal business of the City.
7. The Treasurer shall be and is hereby authorized and directed to apply in payment of all or any sums borrowed under this policy, together with interest thereon, all or any of the moneys hereafter collected or received, either on account of or realized in respect of the taxes levied for the current year and previous years or from any other source, that may be lawfully applied for such purpose.
8. The Treasurer shall be responsible for establishing the necessity of temporary borrowing under this policy or the manner in which the borrowing is used.