



MUNICIPALITY OF **West Elgin**

Staff Report

Report To: Council Meeting

From: Magda Badura, CAO/Treasurer

Date: 2023-05-25

Subject: Borrowing By-Law Report – 2023-23 Administration Finance

Recommendation:

That West Elgin Council hereby receives the report from M. Badura, CAO/Treasurer re: Borrowing By-Law for information purposes.

Purpose:

The purpose of this report is to provide an overview and explanation of the Borrowing By-law, its purpose, and its implications.

Background:

The Borrowing By-law serves as a crucial tool for the municipality in managing its financial affairs and funding various projects and initiatives.

Purpose of the Borrowing By-law:

The Borrowing By-law is designed to authorize the municipality to borrow funds for capital projects, infrastructure improvements, and other significant expenditures. It outlines the procedures and limits within which the municipality can borrow money to meet its financial requirements.

Key Components of the Borrowing By-law:

Borrowing Authority: The By-law grants the municipality the legal authority to borrow funds from external sources such as banks, financial institutions, or through municipal bonds and debentures.

Borrowing Limits: The By-law sets specific limits on the amount of money that can be borrowed by the municipality. These limits are determined based on factors such as the municipality's financial capacity, debt service capabilities, and the specific needs of the projects or initiatives being funded.

Repayment Terms: The By-law defines the repayment terms, including the interest rate, repayment period, and any other relevant conditions. These terms ensure that the borrowed funds are repaid in a structured and manageable manner.

Approval Process: The By-law outlines the necessary approval process for borrowing. This typically involves seeking authorization from the council, with specific requirements such as public consultation or obtaining approval from higher levels of government, depending on the jurisdiction.

Financial Accountability: The By-law emphasizes financial accountability by stipulating reporting requirements, financial statements, and audits to ensure transparency in borrowing and debt management.

Implications and Benefits of the Borrowing By-law:

Infrastructure Development: The Borrowing By-law enables the municipality to finance crucial infrastructure projects such as road construction, water and sewer systems, public facilities, and other community development initiatives. It facilitates the timely implementation of projects that contribute to the growth and well-being of the community.

Economic Stimulus: By borrowing funds for capital investments, the municipality can stimulate the local economy, create job opportunities, and attract private sector investments. This leads to increased economic activity, improved quality of life, and enhanced municipal services for residents and businesses.

Long-Term Financial Planning: The By-law helps the municipality establish a comprehensive and sustainable financial plan by providing a framework for responsible borrowing and debt management. It ensures that borrowing decisions align with the municipality's long-term strategic goals and financial capabilities.

Capitalizing on Favorable Market Conditions: The By-law allows the municipality to take advantage of favorable borrowing conditions such as low interest rates or specific government funding programs. This optimizes the cost of borrowing and maximizes the value of investments in infrastructure and community development.

The Borrowing By-law is an essential tool that enables the municipality to fund capital projects, invest in infrastructure, and meet the evolving needs of the community. Its proper implementation and adherence ensure responsible financial management and facilitate sustainable growth. By carefully considering borrowing options and adhering to the guidelines established in the By-law, the municipality can achieve its strategic objectives and provide a better quality of life for its residents.

Financial Implications:

Policies/Legislation:

By-Law 2023-40

Respectfully submitted by,

Magda Badura
CAO/Treasurer

Report Approval Details

Document Title:	Borrowing By-Law - 2023-23-Administration Finance.docx
Attachments:	
Final Approval Date:	May 19, 2023

This report and all of its attachments were approved and signed as outlined below:

Heather Bouw