



## **Policy Manual – Finance**

### **F.B.01 Borrowing & Debt Limitation**

---

*The mission of Catholic Education in Hamilton-Wentworth, in union with our Bishop, is to enable all learners to realize the fullness of humanity of which Our Lord Jesus Christ is the model*

#### **POLICY STATEMENT**

In order to meet the day-to-day operating requirements the Board may, at times, be required to obtain external temporary financing. This requirement is due mainly to the potential timing difference between expenses and receipt of Ministry of Education general revenues and/or capital grants.

With respect to operating borrowing:

1. The Board has established an operating line of credit with its Banker of Record;
2. Annually, the Board shall submit borrowing resolution(s) to its Banker. In keeping with standard banking practices, the Board shall consider and approve resolution(s) pertaining to its borrowing requirements from its Current Account as provided by the Associate Director of Corporate Services; and,
3. The amount borrowed shall not exceed the unreceived balance of the estimated current revenues of the Board.

With respect to borrowing for permanent improvements (capital):

1. School boards do not have the ability to issue a debenture in order to finance permanent improvements unless prescribed by the Ministry of Education;
2. Approved capital allocations flow to boards twice a year based on reported expenditures;
3. Subject to Board approval, bankers' acceptances and/or short-term borrowing facilities may be issued to bridge finance in between cash flow payments; and,
4. Any short-term interest charges incurred in between cash flow payments related to these expenditures will be funded by the Ministry of Education.

#### **Purpose**

The intent of this policy is to outline the borrowing ability of the Board.

#### **Responsibility**

The Associate Director of Corporate Services and Controller of Business Services are responsible for the implementation of this policy. In doing so, their objective is to monitor cash balances and limit overdraft cash positions thereby minimizing potential interest/carrying costs.

## **Regulations**

Education Act S.242, S. 243, S. 247

1. In keeping with the Regulations under the Education Act, the Ministry requires all school boards to participate in long-term financing arrangements for eligible capital programs through the Ontario Financing Authority (OFA).
2. The Associate Director of Corporate Services shall be advised by the Ministry as to the Board's limit(s).
3. Annually, the Board shall submit borrowing resolutions to its Bankers. In keeping with standard banking practices, the Board shall consider and approve resolutions pertaining to its borrowing requirements from its Current Account

## **Related Policies**

F.M.09- Investment Policy

## **Related Board Committee**

Committee of the Whole

## **Policy Review Date**

BM Original Policy Approved 06 February 1990

Revisions: 03 March 1998, 24 June 2003, 24 June 2008, 05 March 2013, 27 August 2019,  
, **10 March 2023**

To be reviewed every five years -2028