

REPORT

Council

Meeting Date: January 31, 2022

FROM: Finance Department

DATE: January 18, 2022

SUBJECT: By-law 2022-009, A By-law to Authorize the Temporary Borrowing of Monies for 2022

LOCATION:

WARD: Town-wide

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RECOMMENDATION:

That By-law 2022-009 be passed authorizing the temporary borrowing of monies to meet current expenditures should the need arise in 2022, until taxes are collected and other revenues are received.

KEY FACTS:

The following are key points for consideration with respect to this report:

- Section 407 of the Municipal Act (the “Act”), permits council to authorize temporary borrowing until taxes are collected and other revenues are received, in order to meet the municipality’s financial requirements for the year subject to specified limitations

BACKGROUND:

It is the town’s practice to pass a By-law at the beginning of each year to authorize temporary borrowing should the need arise during the fiscal year. This protects the town from unforeseen financial risks.

COMMENT/OPTIONS:

In accordance with subsection 407(1) of the Act, municipalities may authorize temporary borrowing during the year, for amounts council considers necessary to meet expenditures until taxes are collected and other revenues are received.

The amount borrowed is limited to:

- From January 1st to September 30th – 50% of the total estimated revenue of the municipality, as set out in the budget adopted for the year, and

- From October 1st to December 31st – 25% of the total estimated revenue of the municipality, as set out in the budget adopted for the year.

Finance staff manage the cash needs of the town through the preparation and monitoring of cash flow forecasts, making it unlikely that there will be a need for temporary borrowing. However, having this facility in place protects the town from unforeseen risks.

Staff recommend that By-law 2022-009 be passed to provide for the potential borrowing of up to \$100 million in 2022. This is significantly below the allowable limits under the Municipal Act. Please note that the By-law provides that interest charged not exceed the prime commercial floating lending rate in Canada charged by the town's financial institution. This requirement is consistent with the town's current banking agreement.

CONSIDERATIONS:

(A) PUBLIC

N/A

(B) FINANCIAL

The approval of this By-law provides the town with a temporary borrowing facility should the need arise. Having this facility in place protects the town from unforeseen financial risks.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

N/A

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:

Be accountable in everything we do

Be fiscally sustainable

(E) CLIMATE CHANGE/ACTION

The presence of the temporary borrowing facility mitigates financial risk, enhancing the town's financial position. This supports the economic sustainability of the community.

APPENDICES:

Appendix A – By-law 2022-009

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Recommended by:

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Director, Finance and Deputy Treasurer

Submitted by:

Nancy Sully,

Commissioner, Corporate Services and Treasurer