



REPORT

COUNCIL MEETING

MEETING DATE: JANUARY 25, 2021

FROM: Finance Department

DATE: January 12, 2021

SUBJECT: By-law 2021-012 A By-law to Authorize the Temporary Borrowing of Monies for 2021

LOCATION: Town wide

WARD:

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RECOMMENDATION:

That By-law 2021-012 be passed authorizing the temporary borrowing of monies to meet current expenditures should the need arise in 2021, 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.

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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 2021-012 be passed to provide for the potential borrowing of up to \$100 million in 2021. 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 AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:
Be accountable in everything we do
Be fiscally sustainable

(E) COMMUNITY SUSTAINABILITY

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 2021-012

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Submitted by:
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