

# COUNCIL REPORT

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**Meeting Date:** February 3, 2020  
**Department:** Finance and Treasury  
**Department Report No:** FD 2020-01  
**Submitted by:** William (Bill) Dakin - Director of Finance-Treasurer Fred Tranquilli,  
**Reviewed by:** Chief Administrative Officer  
**SUBJECT:** **2020 Municipal Borrowing By-Law**

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## Executive Summary:

The municipality must pass a by-law on an annual basis to enable it to borrow funds, if required, to meet its current operational needs. In accordance with section 5(3) of the *Municipal Act, 2001*, as amended, municipal powers are to be exercised by by-law, unless the municipality is specifically authorized to do otherwise. Section 407 of the *Municipal Act 2001*, as amended, outlines the borrowing limits for operating purposes. Based on cash flow projections, short term borrowing for current operations is expected not to be required.

## Recommendation:

**THAT:** Report FD 2020-01 be received for information; and  
**THAT:** By-law 03-20 The Draft 2020 Municipal Borrowing By- Law be presented to Council for all three readings on February 3, 2020 to authorize the municipality to borrow up to \$3,630,000 during the January 1, 2020 to September 30, 2020 period and up to \$1,870,000 during the October 1, 2020 to December 31, 2020 period in order to finance the Municipality's current operating expenditures on an interim basis.

## Options/Discussion:

The municipality must pass a by-law on an annual basis to enable it to borrow funds to meet its current operational needs. Based on cash flow projections, short term borrowing for current operations is expected not to be required.

Section 407 of the *Municipal Act 2001*, as amended, outlines the borrowing limits for operating purposes imposed upon Ontario municipalities. The limitations are such that in the first nine months of the year, municipalities can borrow no more than 50% of the budgeted revenues for the year. After September 30th, the loan amounts cannot exceed 25% of budgeted revenues.

Should it be necessary to finance the Municipality's current operating expenditures on an interim basis, maximum borrowing limits for the period from January 1, 2020 to September

30, 2020 and for the period from October 1, 2020 to December 31, 2020 are \$32,437,303 and \$16,218,623 respectively.

It is expected that interim tax bills will be due in late February 2020. As such, the recommendation in this report requests that the draft by-law presented to Council be given three readings in order to have the flexibility to borrow early in 2020, if required.

**Existing Policy/By-Law:** *Municipal Act, 2001*, as amended

**Financial Considerations:**

Finance charges will only apply should the Municipality be required to borrow under this by-law. Based on cash flow projections, short term borrowing for current operations is expected not to be required.

**Attachments:** None