



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: January 16, 2019
Report Number: FAF.19.002
Subject: Borrowing By-law Update
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.19.002, entitled "Borrowing By-law Update" for information purposes;

AND THAT Council approve the By-law to authorize temporary borrowing to meet the current expenses for the year ending December 31, 2019 at the January 28, 2019 Council Meeting.

B. Overview

To obtain Council's approval to allow The Blue Mountains to temporarily borrow funds if required to meet current expenses of the municipality as per The Municipal Act, 2001, S.O. 2001, c. 25, s. 407.

C. Background

With the Town's strong financial position, bank financing to meet current operating expenses from financial institutions has not been required for many years. It is however recommended to have a borrowing by-law in place for unforeseen circumstances. On an annual basis, the Town's banker, TD Canada Trust, has requested a copy of the by-law in order to be aware of the limits, should a necessity to borrow arise.

D. Analysis

Staff does not anticipate having to borrow money in 2019 to meet operational requirements. If the Town finds it necessary to borrow money for this purpose, this By-law provides the Treasurer and the Head of Council the authority to temporarily borrow money, subject to the legislative requirements. The Town's credit facility agreement with TD Canada Trust, allows for \$1,000,000 to be temporarily borrowed for operating expenses.

E. The Blue Mountains Strategic Plan

The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence

Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

The Town would be required to pay interest on any short-term borrowing. The Town does not budget for interest expense, as borrowing has not been required in the past.

H. In consultation with

N/A

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ruth Prince, Director of Finance and IT Services at directorfit@thebluemountains.ca

J. Attached

1. 2019 Borrowing By-law

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

For more information, please contact:

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The Corporation of The Town of The Blue Mountains

By-law Number 2019 –

Being a By-law to authorize temporary borrowing to meet the current expenses of the municipality for the year ending December 31, 2019

Whereas the provisions of the Municipal Act, 2001, S. O. 2001, c. 25, Section 407, permit a municipality to authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amounts that the municipality considers necessary to meet the current expenses of the municipality for the year;

And whereas the total amount borrowed at any one time plus any outstanding amounts of principal borrowed and accrued interest, except with the approval of the Ontario Municipal Board, is limited;

Now therefore the Council of The Corporation of the Town of The Blue Mountains hereby enacts as follows:

1. At any time during a fiscal year, the Head of Council and the Treasurer may authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amounts that the municipality considers necessary to meet the current expenses of the municipality for the year, and of the amounts, whether or not they are expenses for the year, that a municipality requires in the year for:
 - a) reserve, sinking and retirement funds;
 - b) principal and interest due on any debt of the municipality;
 - c) school purposes;
 - d) other purposes the municipality is required by law to provide for; and,
 - e) the amount of principal and interest payable by a person or municipality primarily liable for a debt, if the municipality has guaranteed the debt and the debt is in default.
2. Except with the approval of the Local Planning Appeal Tribunal, the total amount borrowed at any one time plus any outstanding amounts of principal borrowed and accrued interest shall not exceed:
 - a) from January 1 to September 30 in the year, 50 per cent of the total estimated revenues of the municipality as set out in the budget adopted for the year; and,
 - b) from October 1 to December 31 in the year, 25 per cent of the total estimated revenues of the municipality as set out in the budget adopted for the year.
3. Until the budget is adopted in a year, the limits upon borrowing under Section 2 shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year.
4. In Sections 2 and 3, estimated revenues do not include revenues derivable or derived from:
 - a) arrears of taxes, fees or charges; or,
 - b) a payment from a reserve fund of the municipality, whether or not the payment is for a capital purpose.
5. The lenders from whom amounts may be borrowed under authority of this By-law shall be TD Canada Trust and such other lender(s) as may be determined from time to time by resolution of Council.

6. The lender is not responsible for establishing the necessity of temporary borrowing or the manner in which the borrowing is used.

And further, that this By-law shall come into force and take effect upon the first day of January, 2019.

Enacted and passed this 28th day of January, 2019.

Alar Soever, Mayor

Corrina Giles, Town Clerk