



# Staff Report

## Finance and IT Services

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**Report To:** Committee of the Whole  
**Meeting Date:** January 14, 2020  
**Report Number:** FAF.20.003  
**Subject:** Borrowing By-law Update  
**Prepared by:** Ruth Prince, Director of Finance and IT Services

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### A. Recommendations

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THAT Council receive Staff Report FAF.20.003, 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, 2020 at the January 27, 2020 Council Meeting.

### B. Overview

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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

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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

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Staff do not anticipate having to borrow money in 2020 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**

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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**

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None.

## **G. Financial Impact**

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TD Canada Trust does not charge the Town a standby fee for availability of the operating loan. The sole purpose of the operating loan is for working capital purposes and any advances will bear interest and fees at prime rate.

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**

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N/A

## **I. Public Engagement**

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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](mailto:directorfit@thebluemountains.ca)

## **J. Attached**

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1. 2020 Borrowing By-law

Respectfully Submitted,

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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 2020 –**

#### **Being a By-law to authorize temporary borrowing to meet the current expenses of the municipality for the year ending December 31, 2020**

**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, 2020.

Enacted and passed this 27<sup>th</sup> day of January, 2020.

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Alar Soever, Mayor

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Corrina Giles, Town Clerk