



Subject: 2023 Borrowing By-law

Report Number: FIN 23-02

Department: Finance Department

Submitted by: Renato Pullia, Interim Director of Finance / Treasurer

Meeting Type: Council Meeting

Meeting Date: Monday, January 9, 2023

RECOMMENDATION

THAT Council receives report FIN 23-02 2023 Borrowing By-law;

AND THAT a By-Law to authorize the borrowing of money to meet current expenditures of the Town of Tillsonburg for the 2023 fiscal year be brought forward for Council's consideration.

BACKGROUND

In accordance with Section 407 of the Municipal Act, 2001, (the "Act") Council may, at any time during a fiscal year, authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amount considered necessary to meet the current expenditures of the municipality for the year.

Until the budget is adopted in a year, the limits upon borrowing shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year (excluding reserve transfers). 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.

At its meeting of January 10, 2022, Council adopted By-Law 2022-003, to authorize the borrowing of money to meet current expenditures for the fiscal year ending December 31, 2021. No funds were borrowed in 2022 by the Town to meet temporary cash flow needs.

DISCUSSION

In order to ensure temporary funding is available if necessary to meet current expenditures in each fiscal year, a by-law is required to provide for the borrowing of funds under the Town's banking services agreement. Risk would arise if a by-law authorizing temporary borrowing was not in place and the Town were in immediate need of funds to meet current expenditures.

In accordance with the Act, based on the budgeted 2022 revenues of \$28,963,900 (excluding transfers from reserves), the Town's temporary borrowing limits for 2023 would be:

- \$14,481,950 from January 1 to September 30; and
- \$7,240,975 from October 1 to December 31.

Upon enactment of the By-law, a copy will be provided to TD Bank, with whom the Town currently has a banking services agreement with, to provide authority for temporary borrowing throughout the 2023 fiscal year.

FINANCIAL IMPACT/FUNDING SOURCE

There is no financial impact unless temporary borrowing is drawn on credit from the bank at which time the Town would pay monthly interest of Prime minus 1%. The Town currently has \$4M in overdraft protection available through TD Bank.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- ☐ Lifestyle and amenities
- ☐ Customer service, communication and engagement
- ☐ Business attraction, retention and expansion
- ☐ Community growth
- ☐ Connectivity and transportation
- ☒ Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

ATTACHMENTS

None.