

**Subject: 2021 Interim Borrowing**

**Department: Corporate Services**

**Division: Finance**

**Report #: CPS-2021-001**

**Meeting Date: 2021-01-11**

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### **Recommendations**

That report CPS-2021-001, 2021 Interim Borrowing, dated January 11, 2021, be received;

And that Council consider enacting a by-law to authorize external temporary borrowing in 2021.

### **Background and Analysis**

Subsection 407(1) of the Municipal Act, 2001 (the “Act”) permits a municipality to authorize the temporary borrowing of funds to meet the current expenditures of the Corporation, until the main revenue source of property taxes have been collected and other revenues received.

Pursuant to subsection 407(2), unless otherwise approved by the Ontario Municipal Board, 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 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 as set out in the budget adopted for the year.

Subsection 407(3) permits that pending the current year budget approval; the limits upon borrowing shall be calculated using the budget adopted for the previous year. Therefore, the amount that may be temporarily borrowed shall not exceed the sum of \$25,000,000 between January 1 and September 30, 2021; and shall not exceed the sum of \$12,500,000 between October 1 and December 31, 2021.

The use of temporary borrowing is a common and efficient cash management tool. While we do not anticipate using this option in 2021, it is common practice and

recommended that Council enact a by-law to authorize the temporary borrowing of monies, as required, up to the maximum allowed to meet the current expenditures of the municipality pending cash receipt of property taxes and other revenues. A by-law requesting interim borrowing is presented for Council's consideration.

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## **Strategic Alignment**

### **Orangeville Forward – Strategic Plan**

Priority Area: Strong Governance

Objective: Financial responsibility

### **Sustainable Neighbourhood Action Plan**

Theme: Corporate and Fiscal

Strategy: Demonstrate municipal leadership by considering the environment, social and economic impacts of all Town decisions.

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## **Notice Provisions**

None

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## **Financial Impact**

All amounts borrowed in the year to meet current expenditures of the Corporation, with interest thereon, can be accommodated within the 2021 operating budget.

Respectfully submitted

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**Attachment(s):** 2021 BYLAW – 2021 Borrowing BY-LAW